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ABSTRACT

This technical assistance guide presents the various options available to state planners and managers in considering five elements of active grant management. Each element is treated in a separate chapter. Chapter 1 addresses issues surrounding the setting of policies that ensure that Title III grants complement state agendas. Chapter 2 concerns major state options for allocating Title III dislocated worker funds within the state. Chapter 3 examines state options for defining Title III eligibility and the ramifications of these options. Chapter 4 explains the various means for securing required matching funds. In chapter 5, the focus is on the key elements of the grant application, screening, and selection process that have the greatest implications for Title III programs. Chapter 6 discusses methods that states may use to control program quality and outcomes. Focus shifts to the states' monitoring, technical assistance, and performance review functions. Appendixes include selected elements of Job Training Partnership Act (JTPA) Title III Dislocated Workers grant application materials and JTPA compliance review guide. (YLB)

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ISSUES FOR ACTIVE STATE MANAGEMENT OF THE JTPA TITLE III GRANT:

A Guide for State Planners and Managers

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Under a Subcontract
From CSR, Inc.
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Westat analysts Caricia Fisher and Wayne Turnage presided over the collection and compilation of characteristics of Title III programs in the fifty States. Many of their insights have found their way into this guide.

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PREFACE

The shift from Federal to State control of employment and training programs in the Job Training Partnership Act (JTPA) is best exemplified by the provisions of Title III which provides training and other reemployment services to dislocated workers. JTPA Title III places all responsibility from the allocation of funds to the selection of program operators on the States. In addition, States, with only very general guidance from the Act, set performance standards and determine the eligibility criteria for program participants.

The absence of Federal influence in the operation of JTPA Title III programs makes JTPA Title III a test of the States' ability to manage employment and training program grants. Some States rose to the occasion admirably and thus greatly extended the state of the art of grants management. Other States are still mired in a trial and error learning process that is both frustrating and debilitating.

This technical assistance guide is written for both categories of States and all those that fall somewhere between the two extremes. Drawing upon the early experiences of JTPA Title III implementation, it offers valuable insights into the Title III grants management process that can be the basis for assessing and improving the States' management of Title III grants.

This document is based upon several sources. During early 1985, Title III State managers in 49 States discussed their programs at length with us by telephone. This resulted in an inventory of Title III projects as well as a wealth of descriptive information concerning State grant allocation, targeting, participant eligibility, sources of matching funds, and other program decisions taken by the States.* Project case histories developed by CSR under this same Department of Labor contract contributed to our understanding of the relationship between State grant management decisions and program quality.** In addition, knowledgeable persons within the Government Accounting Office (GAO), the U.S. Department of Labor, the National Governors' Association, the Office of Technology Assessment, the Westat staff of the Process Evaluation of JTPA Implementation project, and a variety of State JTPA officials contributed their observations

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*Reesman, Cilla J., Caricia J. Fisher, and Wayne M. Turnage. An Overview of JTPA PY84 Title III Activities in Fifty States. Westat, Inc. May 8, 1985.

**Bruno, A. Lee. Editor. Case Studies of JTPA Title III Projects Serving Workers Dislocated from the Steel & Copper Industries. Washington, D.C.: CSR Incorporated. November 1985. Case Studies of Exemplary Dislocated Worker Programs. Washington, D.C.: CSR, Inc. November 1985.

NOTE TO THE READER

Grant management is an uninteresting topic until you are unable to get money committed to address a major plant closure or you face deobligation of large sums of Title III funds at the end of the program year. These are problems born of poor grant management procedures. Examined in this light, a technical assistance guide on grant management can make for pretty interesting reading.

Because JTPA Title III programs deal with people in a state of crisis, States frequently end up administering their responsibilities for Title III programs in a state of crisis also. This calls for an approach to grant management that assumes active control over resources and program operations.

This technical assistance guide (TAG) presents the various options available to you in considering five elements of active grant management --

- The funding mechanisms;
- State options in setting participant eligibility criteria;
- Matching funds;
- Grant application and selection; and
- Monitoring procedures.

The effect each element has on the grant management process varies as a consequence of how it is combined with other elements. This makes designing a grant management process an unexpectedly complex task.

Once you are familiar with the options presented here and their possible effects on how grants are managed and dislocated worker programs are operated, imagine how various combinations will work in your State. In this manner, you can create and test a number of grant management systems in your mind's eye until you find the one that best suits your State's agenda and needs.

The TAG is written to be a handy reference to some of the most troublesome grant management issues. So start with the chapter that deals with the grant management element of greatest concern to you. The margin notations are useful for locating particular items of interest within each chapter. In this manner, you can realize the best return on your reading investment and have time left over to manage your Title III grants.

concerning trends in grant management and program quality. Based upon all of these sources, four States were chosen for further study as representative of various active grant management strategies. Arizona and Missouri, which operate two different types of statewide coverage through regional projects or service centers, Minnesota which operates a project procurement system, and Massachusetts, which uses both project procurement and targeted State service centers, became the subjects of two- to four-day site visits by senior staff. The wide ranging discussions with these States' managers and planners were designed to probe for the experience and rationales that shape State grant management decisions. We were fortunate to encounter a number of State personnel who were familiar with the program choices that had been made by other States as well as their own, and who had lively interchanges of ideas with managers in other States.

These sources teach us much about the options open to Title III State managers and how the considerable latitude available under JTPA Title III can be used to complement State agendas when a spirit of activism prevails. Active grants management is a principal theme of this guide. It is treated in the context of five key elements of grants management -- each of which is the subject of a chapter of this guide. For instance, Chapter 1 addresses the issues surrounding the setting of policies that will assure that Title III grants will complement State agendas. These policies drive the grant management process; it is therefore important that they be thought through carefully and are well articulated.

Chapter 2 concerns major State options for allocating Title III dislocated worker funds within the State. These options are discussed first in terms of their advantages and disadvantages as if they were mutually exclusive choices. Obviously, they are not. Later in the chapter, the discussion turns to the flexibility that Title III planners and managers may gain through variations and combinations of options such as less than statewide programming, fast response options, and sources of non-Federal matching funds.

An important aspect of State management of Title III grants concerns the determination of eligibility criteria that guide the targeting of grant resources. This is the subject of Chapter 3 that examines State options for defining Title III eligibility and the ramifications of these options.

Chapter 4 explains the various means for securing required matching funds. This chapter points out the difficulties associated with using unemployment insurance (UI) payments as a source of matching funds and how they may be overcome.

In Chapter 5, we move to the practical aspects of the State's grant application and selection process. Here, three lessons from actively managed Dislocated Worker Programs stand out.

1. Removing ambiguity about who speaks for the Governor on Title III is fundamental to the effective use of the procurement process to shape the program.

2. Spreading procurement, monitoring, technical assistance and project start-up and shutdown activities throughout the program year -- rather than having all applications and projects conform to a single schedule -- is emerging as a preferred practice among active management proponents.

3. Requiring that the grantee/program operator Statement of Work demonstrate plans capable of fulfilling the State's Title III agenda is the essential first step in holding the grantee/operator accountable for its performance.

Chapter 6 is a discussion of methods that States may employ to control program quality and outcomes. Here the focus shifts to the States' monitoring, technical assistance and performance review functions. It explains how the content of monitoring, for instance, will depend upon the program that has resulted from the complex web of decisions on the many options discussed in the previous chapters. Therefore, Chapter 6 describes a somewhat generic program oversight package that planners and managers may tailor to meet the specifics of their State's requirements, preferences and objectives for Title III programs.

Together, these chapters offer States a programmatic review of the choices that lay the foundation of a grants management process. In so doing, it allows States to evaluate current practices and project the effects of planned changes in their management of dislocated worker programs.

CHAPTER 1. GETTING ORGANIZED TO MAKE DECISIONS

To introduce the TAG, we want to take a few minutes to talk about getting organized to make decisions. It is one of many subjects concerning the global subject of grant management not covered in this document; however, is so basic to good grant management that it warrants a few words here.

Much of what we know about the States' management of Title III came from observing what States did to get themselves out of trouble once they'd discovered, the hard way, what not to do. Many problems and disappointments associated with the implementation of Title III programs can be traced to the poor organization of State personnel responsible for managing Title III. In October 1982, Title III arrived suddenly on the States' doorsteps in the form of start-up grants. Without opportunity for advance preparations, many State managers became so busy "doing" Title III chores that they never had time to put their houses in order. This has the effect of placing the States in those circumstances in a perpetually reactive rather than "proactive" mode.

If you find yourself being run by Title III rather than running Title III, your first step in improving your grant management process is to get organized. Determine what your State's Title III agenda is to be and how you will organize staff and resources to pursue that agenda. Until this is accomplished, there is no basis for making decisions surrounding Title III grant management.

If you are unsure about how well organized you are, the following quiz may be of assistance. Each yes answer indicates an organizational problem.

The quiz is a whimsical attempt to have you assess the extent to which you are organized well enough to implement your Title III mission.

How You Know You Are Not Organized Quiz

1. Does it take more than 30 days to process a grant application?

2. Does it take more than 30 days to get funds to a program operator whose grant application is approved?

3. Because of staff turnover, can fewer than five people in the Governor's office name the Title III grant manager?

4. Are there fewer than five people who agree on what the State is trying to accomplish with Title III?

5. Do you have a Title III project in force for which no one can locate a grant application?

6. Is there anyone in the Cabinet who still thinks that a dislocated worker is someone with an orthopedic problem?

7. Do you first hear about plant closures in the newspaper?

8. Do you still have funds left over from the transition year allocation?

9. Are the PICs angry because they have insufficient time to review and comment on Title III applications?

10. Do you find that your list of active Title III projects does not match the approved projects list?

11. Do you spend more than 10 hours a week explaining your actions regarding Title III?

12. Was your last Title III application for discretionary funding returned because it consisted of 3 copies of one section rather than 1 copy of three sections?

13. Is your spouse the only one who willingly discusses Title III issues with you?

14. Are more than half of the State's Title III grants undergoing their eighth modification?

Creating the organizational infrastructure to manage a number of relatively short turn, intense reemployment strategies is so essential to good grant management that it is hard to understand how it could be overlooked. However, even three years after the inception of Title III, some States are still reorganizing their Title III units in an effort to find a management system that can address quickly and responsively the economic and social problems attendant to worker dislocation.

Part of the problem is the dynamic nature of dislocation. It happens quickly and usually without much advanced notice. Another factor is the political and emotional climate that surrounds worker dislocation. Dislocated workers, their former employers, and unions are political forces in their communities. Another part of the problem is that Title III represents a limited approach to dislocation, both in terms of funding available and its mission. Its impact on the problem of worker dislocation is optimized when it works in concert with other State efforts in the fields of economic development and human resource development. These are some of the reasons why getting organized is an important issue.

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CHAPTER 2. SELECTING A GRANTEE FUNDING MECHANISM: DOING BUSINESS AND LIMITING CONTROVERSY

Introduction

If your State settled upon a choice of within-State Title III funding mechanisms without much debate or controversy, you have been living an unusually calm and quiet life. If your State did have a lively controversy at the time of the original funding mechanism decision, but has had no further debate on the issue since that time, you can afford to smile when managers from other States tell tales of continuing woes, conflict, and criticism. Afterall, what there is to say here about selecting a Title III grantee funding mechanism is a lot like discussing hot water: a very tedious subject, unless you find yourself up to your eyebrows in it. And, regardless of the mechanism that you choose, there will be plenty of controversy to go around. One reason for this is that debates about appropriate within-State funding mechanisms are often fueled by legitimate differences over definitions of such terms as equity. However, some of the other sources of controversy are the specific drawbacks of individual funding mechanisms. These can be defined and analyzed in more objective management terms.

The purpose of this chapter is to describe the advantages and drawbacks of the major within-State funding mechanisms in use. Unlike the chapters which follow it, this chapter has very little "how to" information to offer. This is because the choice of within-State funding mechanism for Title III programs is left, in the Act, to judgement at the State level. And, while the procedural requirements for the Act, such as fiscal oversight, do apply, the Department of Labor has established no guidelines for the basic within-State allocation decision for Title III formula funds. Unlike other choices which State managers must make, for instance, about a recordkeeping system to document required matching funds, this descision does not necessarily increase or decrease the likelihood of audit exceptions.

Clearly, specific guidance from the Department of Labor on this subject would be out of keeping with the Act's placement with the Governor of the responsibility for Title III within-State funding. Therefore, this chapter has been included simply in the interest of sharing the reported experiences of the States concerning the advantages encountered with each system. The chapters which follow it are, we trust, more like those found in conventional technical assistance guides. If you've never been in -- and can't imagine that you could be in -- hot water due to the State's funding mechanism decision, you may want to move on to Chapter 3. Like hot water, this chapter is more interesting if you are immersed in it.

There are three basic models for allocating the State's Title III grant -- diffusion funding, formula funding of SDAs and project funding. The issues that define the model being applied concern how program options are determined and whether statewide areas are being served.

Diffusion funding, as we use the term here, occurs when the State's Title III grant is passed to existing State agencies or to a set of State designated dislocated workers service centers. Because diffusion methods are used most often to provide statewide coverage, funds are diffused throughout the State rather than targeted to a limited geographic area.

State management and control over program options varies when diffusion funding mechanisms are used In most instances, States determine the mix of services and target group criteria, but have little control over the rate by which funds are expended.

In contrast, formula funding of SDAs may also result in statewide distribution of funds; however, direct management responsibility is passed to the SDA. The SDAs then may choose what target groups to serve and make other program option decisions. An SDA may even choose to diffuse its share of formula funds through local Employment Service (ES) offices, and may choose passive or active management of its contractors.

Project funding refers to situations where the State requires that potential subgrantees propose a well defined set of services for a specified population. In essence, there is a contract between the State and the program operators to do specific things in each project; the State then has a specific basis on which to judge the adequacy of project activities and performance. When SDAs are required to submit their Title III service designs in the form of detailed proposals that respond to State-determined priorities and preferences, they are participating in a project grant management process even if each SDA's funding level has been determined by a formula.

The first three sections of this chapter will describe many of the advantages and disadvantages associated with each of the three basic funding options, and with grant management methods associated with each type of funding.

The final section of this chapter, "Mix and Match," takes a look at the ways in which dislocated worker program flexibility can be enhanced by combining a variety of funding mechanisms.

Diffusion Funding Arrangements

As we define it, in diffusion funding of a Title III program, coverage is more or less statewide and State agencies retain control over program performance and funds. There are three basic diffusion funding models. They are:

- Passive diffusion through existing agencies;
- Active diffusion through existing agencies; and
- Active management of regional projects to provide statewide coverage through public or private subgrantees.

Managers' use of these options range from the imaginative use of incentives for Title III local activity to highly structured regional projects. The extent to which State managers require adherence to State preferences in service mix, target groups of eligibles, service vendors, service to significant segments, allowable sources of matching funds, and planned activity levels are the clues to what kind of diffusion is being used.

It is hard to say just where the boundary between active diffusion and State regional project models lies. The establishment of Title III dedicated staff, space, and support services in each of several sites, combined with activity and performance objectives are probably the signs of a shift from active diffusion to State projects.

Although each method is addressed separately here, it is highly probable that States combine several models. Discussions with State managers have made it clear that many States are in a transitional stage, moving from less active to more active forms of grant management and, although once popular, pure passive diffusion is probably now limited to a small handful of States.

Passive Diffusion. Passive diffusion of funds through an existing agency usually consists of issuing authority to the agency to draw down Title III funds on an as-needed basis to provide allowable services if and when a Title III eligible is identified in the ordinary course of the agency's business. The funds are not designated to fund a staff position or to create a Title III office within the agency's offices. Passive diffusion means that the State remains inactive except in its legal and fiscal oversight role. It designates no special service mix or content, and authorizes funds only for direct cost of services, or direct cost plus a small administrative fee based on direct service expenditures. The Employment Service local office network is by far the most common recipient of Title III funds where passive diffusion has been the funding and management strategy.

Targeting of specific geographic areas, feasible under diffusion funding, is rarely if ever used. This may be because States that choose this method do so to gain managerial simplicity. Passive diffusion funding keeps things simple in two ways. First, if all

areas of the State are served by the grantee, then the SDA review requirements of Section 305 of JTPA are avoided. Second, and often more important to the State-level manager, the technical and political complexities and staff costs of determining and periodically redetermining relative need for services on a geographic or other basis are avoided.

There are several other reasons for choosing a passive diffusion funding model. First, administrative costs are low.

Why Passive Diffusion?

Second, both the costs and potential delays in substate funding commitments of more complex procurement procedures can be avoided. Third, State monitoring costs tend to be low because there are fewer contractual obligations to monitor. Fourth, when funds are diffused to local Employment Service offices, eligibility determination is placed in the hands of an agency that is liable for disallowed expenditures and is able to absorb the cost of any such liabilities that do occur.

Fifth, in States where the State Employment Security Agency (SESA) and local Employment Service offices play major administrative roles in Title IIA service delivery (as opposed to those which are simply vendors of Title II services), co-location of Title II and III services also may have cost and coordination benefits. Finally, given the modest Federal JTPA Title III reporting requirements, States that do not wish to impose more frequent or detailed reporting requirements see old line, permanent agencies as safe choices more likely to produce effective programs with only passive management from the State.

Drawbacks of Passive Diffusion

When a passive diffusion system fails, the Title III program can be dead in the water for quite a while before the State Manager knows it. Usually, this is because the lack of control over the expenditure of funds. Under a passive diffusion funding arrangement, funds are set aside for draw-down purposes. This action obligates the funds but does not ensure that they will be used or spent. If actual expenditures are not monitored closely, the State can be left with excess funds at the end of the program year.

When things go awry, the manager might not be in a position to determine whether unexpended funds result from an actual shortage of Title III eligibles or from inattention to or misunderstanding of the Title III program by the agencies acting as service providers. For these reasons, some States that have relied upon passive diffusion in the past are moving toward a more active Title III grant management role.

Often, a big problem for passive management of a diffusion system is the State's inability to secure the Title III match through local office activities. Some reasons for this may include:

- Incomplete understanding of the matching requirements and options at the local level;

- o Lack of active recruitment to identify eligibles who fit specific matching requirements or options, e.g., persons with significant remaining UI benefits eligibility or those persons willing and able to enter lengthy training so that the vocational education or community college subsidy can be a source of matching funds;

- o A very conservative local UI office approach to granting UI waivers to Title III enrollees, thereby minimizing the usefulness of UI benefits as a matching source; and

- o Inexperience of local office staff in using grant funds to leverage activities that generate cash matching funds from employers or unions.

Finally, in sparsely populated States, or regions of States, staffing levels at local ES offices or other State agency grantees may be so limited that additional responsibilities, instead of achieving economies of scale, may simply overburden the staff. If a State has relatively low unemployment and a low Title III allotment, local staff may have to learn an entire set of Title III rules, procedures and forms even though fewer than ten Title III participants per office could be served.

In short, when things go wrong in passive diffusion funding it is probably because neither incentives nor penalties are being used to maintain Title III activity levels. Passive management of the Title III grant may include a considerable amount of exhortation aimed at getting the funds spent, and can also include reallocating funds among local offices; but the bottom line is the same. If there is no real penalty attached to lack of local Title III activity, even loss of its Title III allocations may not matter to a local management that simply may not want to bother with a new program. There is, of course, nothing to prevent an activist PIC and/or local elected official from entering the picture and using their powers to review the SESA local plan of service to spur activity and impose penalties for poor Title III performance. Lacking such an asssertive presence at the local level may mean that there is little or no organized constituency driving the delivery of Title III services in a community or region. The passive State management process itself is not organized to fill the vacuum if local entities do not act.

Active Diffusion

Active Diffusion Through Existing Agencies. Active management of a diffusion model encompasses an array of program design, targeting and grant provisions; some are general, others involve comprehensive planning and a continuous monitoring of activities. The simplest systems aim only to plug the loopholes evident in purely passive diffusion programs while stopping far short of specifying service mix, program content, or activity levels. A key element in these simpler methods is the provision of incentives that promote services to dislocated workers.

Use of Incentives

One incentive acts very much like a fixed price contract between the State and the local agency responsible for providing services. Under this arrangement, the State funds a staff position(s) for the local agency in exchange for a minimal level of activity focused on dislocated workers. The incentive to hold on to the position is the tacit understanding that the funded staff will spend some Title III funded time on the ordinary business of the local office. Any of these Title III program specialists' funded time not required to meet some set level of program activity is the "profit" which the local agency manager is free to plow back into enhancing production of the normal services of the office. This works best where funding reductions in the local agency are forcing lay offs or where work loads are not commensurate with staff allocations. Then, local agencies are more willing to take steps that will either save a staff position or increase the personnel resources available to meet production goals. The State sees in this arrangement a means to bring services to dislocated workers with few administrative burdens. Where there is reasonable trust between the two, this type of incentive can provide the basis for a more effective network of diffused Title III resources.

There are other incentives under JTPA that allow local agencies to generate a "profit," or funds that exceed the actual cost of providing service. Where can the State manager find this legal "sweetener?" There are several sources.

Performance Incentive Options

First, there are performance based grant or contract arrangements. Performance based contracts are fixed cost contracts that give JTPA vendors flexibility in budgeting and charging for services. Payments on a performance based contract can be spent any way the vendor chooses. In this way State managers can structure performance-based grants or contracts with local offices that give the local managers powerful incentives. If State managers are afraid that performance based contracts or grants will result in an undesirable amount of "creaming" of eligibles, the contract can be structured to reward effective service to any desired group of eligibles. None of the costs of a performance based contract for participant training or services is charged to administration. In fact, the 15 percent limitation on administrative costs for the Federal share of Title III formula grant budgets encourages State managers to consider subgrantee or contractor relationships that ease the strain of managing Title III grants on a limited budget for administration.*

Other sources of incentives are covered in another section of this chapter.

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*No statutory limitations apply to Title III National Reserve funded projects although the custom of limiting administrative costs to 15 percent of the total budget is well established.

An active diffusion model is distinguished from a passive diffusion model by the greater degree of control exerted by the State over program service delivery and design options. The third diffusion model represents the greatest degree of active grant management.

State-Developed Service Centers

Active Diffusion Funding Through Regional Centers. Maximum State control of Title III planning and implementation is gained in a diffusion model when State personnel actually design the Title III program and negotiate its implementation with one or more providers of direct services. A State might create a network of dislocated worker service centers that provide a comprehensive array of services. These may be extended by satellite offices that provide geographically dispersed eligibility screening and referral services. A service center consists of a location and staff dedicated to provision of a broad range of services to Title III participants.

The network of service centers is a common choice for on-going programs serving general Title III eligibles. A network of service centers and satellite offices is also a cost effective approach to providing services in rural areas where concentrations of dislocated workers are dispersed throughout extensive geographic areas. The network can handle short-term projects targeted to specific groups of workers. Because the network has staff and facilities in the form of dislocated worker service centers in place, expansion of the nearest service center to accommodate an additional group of dislocated workers can be arranged on short notice.

Of course, a lot depends on the proximity of the service centers to the concentrations of dislocated workers. A State can use this approach to provide statewide coverage by assigning mutually exclusive catchment areas to the dislocated worker service centers. Or, you can use this approach to target limited geographic areas where service centers are established to provide on-going support for specific groups of dislocated workers.

Originating Service Centers

A network of service centers can be established in one of several ways. First, a State can use competitive procurements to select statewide service center contractors who retain this role without annual recompetition. The State provides long-term support to those centers, negotiating with them from time to time any changes required in program designs or policies.

It is most common for service centers to be run by a State agency, e.g., a State vocational school system or the Employment Service. But States can also use a variety of private not-for-profit and profit-making enterprises to create dislocated worker centers. Using a pre-established network offers the advantage of lower start-up costs, entities that have established their working relationship and lines of communication and have a central office staff with whom to negotiate contracts. One contract can cover the entire network.

Another approach is to develop a coalition of State and/or local public and private agencies and organizations to provide dislocated worker services in a center setting. Then, either you contract with each coalition entity for specific services, or you enter into a master contract with the major service provider that then subcontracts with other entities. When SDAs receive dislocated worker center grants, the State JTPA office tends to retain and to exercise a much higher degree of planning, review and oversight power than is generally the case in other types (e.g., formula funding) of Title III funding arrangements with SDAs.

Why State-Designed Centers/ Projects?

There are a variety of reasons to choose a service center system. Centers can provide services to general Title III eligibles but also can be caused to shift program mix or emphasis on fairly short notice to accomodate newly emerging target groups such as laid off workers from a plant shutdown or other mass layoffs. New organizations can be introduced into the coalition of service providers more or less at a State's behest. Thus, when a dislocated worker center is directed to provide priority services to workers laid off by a plant shutdown, response time is usually shortened. Flexibility may be greatest in a statewide rather than a geographically targeted approach since Section 305 SDA program review requirements are waived. The same is true if the State focus is industry-wide. In either case, Section 306 requirements (consultation with labor organizations) may be triggered, however.

Another advantage of service centers is that they represent a continuous operation. Service center staff have opportunities to learn from their experience and constantly refine and improve program operations. This advantage is lost when staff are frequently reassigned or projects are terminated under other funding mechanisms.

State-developed Title III service centers permit much more active State management of Dislocated Worker Programs than do either of the other two diffusion methods. In this respect, these service centers have more in common with the project funding methods discussed later in this chapter. Unlike the case of funding specific projects, however, Service Centers' relative permanence provides a high visibility for the Title III program. This, in turn, may set the stage for consideration of State funding for, and/or increased incentives for, coordination of dislocated worker programs with State economic development, unemployment insurance and vocational education programs -- to name only a few.

Whether or not the State actually operates the Centers itself; active State management of these programs may pursue a variety of objectives. First, it can ensure service to significant segments. The expanded role of the State in managing these programs makes the implementation of such policies more feasible. Second, there is greater coordination and avoidance of duplication of effort. The relatively high visibility of service centers, combined with the

choice by the Governor of an activist design, development and oversight role for the State may induce State and local organizations to see coordination as their "price of entry" to a role in Title III. Third, there is increased flexibility in determining the mix of sources of matching funds. The existence of permanent centers for dislocated workers may make solicitation of cash and "material-in-kind" matching funds more effective.

Active diffusion funding arrangements offer a variety of advantages and disadvantages to State managers concerned with providing services throughout all areas of the State without relinquishing direct control over the key features of the program of services. In the next section, we examine another funding option that has a different set of advantages and disadvantages.

Formula Funding to SDAs

Title III funding of SDAs is often chosen in States where decentralization is a high priority of the State's JTPA agenda. Therefore, States practicing formula funding tend to require only the most general written procedural plans from the SDAs. In terms of formula funding in its simplest form, there is no special program design or content qualification for SDAs to receive Title III funds.

In its most basic form, formula funding turns all of the State's allocation of Title III funds over to the SDAs to manage, and reserves for the State only those oversight functions prescribed by JTPA as State responsibilities. The SDAs may fund discrete projects or special dislocated worker centers; they may merge Title IIA and III services; or they may even use a diffusion arrangement with the local Employment Service or Title IIA administrative entity. The PIC may or may not exercise its right of involvement in Title III program decisions under these arrangements.

States that wish to pass along significant Title III program design and management functions to the SDAs generally use a needs-based formula to determine appropriate allocation of Title III funds among the SDAs.

Needs-based formulas

Four types of needs-based formulas are in use. These are:

- Replication of the JTPA Title IIA formula used to distribute 78 percent funds to SDAs;
- Replication of the JTPA Title III formula used to distribute funds among the States;
- A State-devised formula which also insures that funds go to all SDAs;

- o A State-devised formula which allocates funds among a predetermined list of SDAs, or which may result in zero-funding of SDAs with low "needs" scores.

States that choose to use the Title IIA allocation formula to compute SDA Title III allocations have taken, implicitly at least, the option of giving weight to the "economically disadvantaged" criterion that appears there but not in the Title III formula. In addition, the use of the Title IIA formula will weight each SDA's "relative number of unemployed individuals residing in areas of substantial unemployment." This results in within-State Title III allocations that ignore the length of unemployment criterion used in the Federal Title III formula.

Other within-State needs-based formulas might use almost any universally available data on labor force participation, characteristics of the labor force, industry characteristics, or alternative income or poverty-level measures.

Targeting by Formula

Most formula-funding systems guarantee that each SDA will receive some Title III funds. However, States that value decentralized program design and operation also may wish to exert greater control over the distribution of funds within that system. They may choose a formula that results in zero-funding of some SDAs. This can be done by limiting the application of the allocation formula to only a preselected list of SDAs. Unemployment rate, relative number of unemployed, or of long-term unemployed, for instance, may be the qualifying criterion to determine whether or not an SDA is eligible to receive Title III funds, with the formula splitting the funds among qualified SDAs.

Alternatively, all SDAs may receive a composite need score, based on a State devised system. SDAs with composite scores below a predetermined minimum receive no Title III funds. The State then uses a relative need formula to allocate all Title III funds among only the pre-qualified SDAs.

Formula Funding Drawbacks

When formula funding systems fail, the most common reason is the failure of the SDAs to spend their money. Funds that were obligated by the State at the outset of the program year are deobligated at the end of the program year. This leaves you with the problem of adjusting for excess carry out. Without the imposition of within-program year expenditure reporting requirements, under-spending by SDAs is at least as hard to detect and counteract as is the case with a passive diffusion system.

The Title III expenditure history in formula-funded SDAs has been mixed. In many cases, Title III funds were largely unspent, even in SDAs with considerable numbers of dislocated workers. There are many reasons why some SDAs fail to spend Title III funds. In some cases, the problems are inherent to the formula funding arrangement. For instance, SDAs may have problems identifying suitable sources of matching funds, or in adequately documenting them. Lack of recruitment

to identify dislocated workers who fit specific matching options can also retard SDA Title III activities. And, of course, there are some SDA managers and PICs who do not want to devote adequate time to setting up a whole new program that brings with it relatively little money.

In addition, even minor-appearing changes in the within-State funding formula for Title III may result in relatively large allocations to SDAs with relatively few dislocated workers. Or, major employer recalls of dislocated workers can result in another mismatch of funds and eligible workers, regardless of the allocation formula.

Clearly, the potential drawbacks of formula funding in its simplest form parallel those of diffusion methods. Where the State imposes no reporting requirements over and above the federally mandated annual report, slow build-up and expenditures may go undetected until the close of the program year. Moreover, a State may be unable to respond to plant shutdowns during that time due to a lack of unobligated Title III funds.

Active Management Options

One response to these problems is to reduce the portion of the Title III grant passed through to SDAs by formula, and increase the State's reserve for unanticipated needs such as plant closures.

Another approach is to follow case-by-case corrective action and reallocation plans that accommodate the diversity of possible problems impeding program implementation. These may prove to be costly to develop and monitor in addition to delaying further the expansion and operation of Title III programs.

Where underspending of Title III monies by SDAs is identified, you face difficult choices. On one hand is the State's desire to decentralize Title III planning and programming. On the other hand is the State's responsibility to ensure the implementation of services to dislocated workers. In such instances, if you want to increase utilization of Title III funds you can choose to shift a part of those funds to other allocation methods rather than to try to push more money out through the SDAs.

Political Considerations of Formula Funding. Unlike the management of diffusion allocations to a single State agency, State management of formula funding to SDAs involves the transfer of funds to a multitude of politically independent local agents as grant recipients. The history and current status of State-local government relations in your State can play a big role in the degree to which the Governor can, or will want to, prescribe SDAs' Title III spending patterns.

Formula funding is in direct contrast to project funding for SDAs where the SDA must design a discrete dislocated worker project that responds to detailed State design and operating specifications and preferences. Even if a needs-based formula was used to determine the funding level for an SDA project, the State retains basic program

control. In pure formula funding, basic control is passed through along with the money. This limits the State's ability to exercise its legal responsibilities under JTPA or promote its own agenda.

There is the additional problem of correcting underachievers when the grantees are independent political entities. Unless the Governor or his or her appointee is willing and able to control underachievers among SDA Title III programs, you may be left with two major options: change the formula/discretionary funding mix or make creative uses of sources of incentives.

Use of Incentives to Address State JTPA Agendas. Active State management of the Title III grant under a system of formula funding to SDAs may benefit from the power of the Governor to target Title V (Wagner-Peyser) set-asides. In addition, the Governor may also build in incentives by use of a bonus system which gives additional Title III funds to SDAs which perform well.

Wagner-Peyser Incentive Options

The creative use of the JTPA Title V (Wagner-Peyser) funds is authorized by the Wagner-Peyser amendments passed as Title V of the JTPA. These provide that funds allotted to the States under that act may be spent for two purposes only. Ninety percent of the money, referred to as 7(a) funds, may go to:

- Job search and placement services for job seekers;
- Recruitment and special technical services for employers; and
- For any of the following:
  - program evaluation,
  - program linkage,
  - services to dislocated workers,
  - labor market and management information systems, and
  - conducting the UI work test.

Ten percent of the State allotment, referred to as 7(b) funds, is reserved to the Governor to:

- Provide incentives to employment service offices and programs;
- Develop services for groups with special needs; and
- Pay the extra costs of exemplary models.

The amendments change how the States and SESAs plan, budget, and allocate funds in three fundamental ways. First, resources are now allocated among States in dollars (rather than in "positions"), on the basis of a formula that uses the relative size of the civilian labor force and the relative number of unemployed persons as indicators of

need. Second, services may be provided apart from local offices of the ES. Third, States may design their own accounting and reporting systems rather than relying on the Federal design.

It is the Wagner-Peyser plan which the amendments have sought to tie most directly to the JTPA planning and coordination structure and processes. Known as "bottom-up" planning, this new effort both seeks and depends upon the evolution of some fundamental improvements in the State-SESA and public-private partnerships.

In advising Governors on the changes brought by the Wagner-Peyser amendments, a National Governors' Association report takes special note of the regulatory climate which is being established:

> "The presumptions are that the Governor, not the SESA administrator is the State official responsible for administration of Wagner-Peyser funds and that entities other than the SESA may receive and administer 7(b) Wagner-Peyser funds by decision of the Governor.
>
> * * * *
>
> What is at issue is not the relationship between the Governor and the SESA administrator but whether or not the Wagner-Peyser budget and program will be subjected to the same State institutional decisionmaking processes as are other Federal grants. While that has been possible in the past, governors and legislatures have tended to shy away from what has been seen as a fruitless exercise given the extent of Federal control over the plans and budget of the ES agency. Now that that control has been largely removed, States may move to integrate Wagner-Peyser decisionmaking into the institutional planning and budgeting (and appropriations) processes of the State and through that mechanism not only integrate Wagner-Peyser, JTPA, and related functions, but create an interest in and a constituency for an employment and training policy that integrates labor market exchange policy and programs at the State level.
>
> The 7(b) set-aside is critical not simply because it provides the Governor unprecedented authority over a portion of the State Wagner-Peyser allotment, but because the Governor may use that small allocation to establish a precedent, set an example, or define the procedures whereby the larger Wagner-Peyser allotment may be subjected to broad State oversight and control."*

The flexibility granted to the Governor under the Title V Wagner-Peyser amendments provides a potentially powerful source of incentives, not only for specific activities but also for coordination among agencies. Moreover, 7(a) funds are explicitly allowable sources of

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*National Governors' Association. Managing the Ten Percent Set-Aside. National Commission for Employment Policy. December 1983.

funds for dislocated worker services that do not have a matching requirement. And, it is now possible to provide employment services apart from the local offices of the SESA. Give some serious thought to the ways in which these types of flexibility can be applied to support the State's JTPA agenda in general, and its Title III agenda in particular.

Title IIA Set-aside Incentive Options

Another legal "sweetener" to induce local offices to implement services for dislocated workers may be found in the creative targeting of Title IIA 3 percent and 8 percent set-asides. This option needs to be approached with very careful consideration of the allowable uses of the Title IIA set-asides. Within the constraints imposed by the Act on the uses of these funds, State managers can promote more services to dislocated workers and better performance of programs.

In addition, not only SDAs, but also statewide agencies such as ES offices, vocational-technical or community college systems, local educational agencies, and area agencies on aging -- all possible networks for providing dislocated worker services -- can potentially receive funds from some of the Title IIA set-asides. Below, we discuss ways in which the set-asides can be used to achieve the above objectives and/or support State policies and priorities.

Use of 3 Percent Set-Asides

More services to dislocated workers can be promoted by using general Title IIA funds to serve dislocated workers who are eligible for both Title IIA and Title III services. Likewise, Title IIA set-asides for older workers can be used to serve older dislocated workers who are Title II eligible. This is a worthwhile option to pursue when there is a surplus of Title IIA 3 percent funds or where the demand for Title III services far exceeds the availability of funds. Otherwise, the tradeoffs may be hard to defend. This is an instance in which the Title III agenda must be especially sensitive to State policies and priorities.

Use of 8 Percent Set-Asides

Greater coordination with other Title IIA programs may also be achieved by using a portion of the 8 percent set-aside for coordination with education as an incentive for educational institutions to become involved with <u>both</u> Title IIA and Title III programs. Section 123 of the Act controls usage of 8 percent State education setaside funds. At (C)(1), the Act reads: "Funds available ...may be used to provide ... services to participants under Title II. Such services may include services for ... individuals whom the Governor determines require special assistance." At (C)(3), the act indicates that 75 percent of the funds available for activities ... shall be expended for ... economically disadvantaged individuals."

Therefore, disadvantaged individuals who are displaced workers can be served by the program portion of the 8 percent setaside. A small proportion (up to 1/4) served can be non-disadvantaged. Up to 20 percent of the setaside can be spent on non-participant coordination activities. This could include agreements with educational institutions to serve eligible displaced workers.

It may be very important for States with community colleges that are unaccustomed to serving non-traditional students to exercise this option. Dislocated workers are often dependent on post-secondary institutions for classroom skill training. When these institutions are accustomed to traditional one or two year programs of study, dislocated workers are, in effect, barred from participation. Dislocated workers cannot meet their financial obligations and living expenses to attend a long term college program. In these cases, States may elect to use 8 percent set-asides as financial incentives for public post-secondary institutions to offer training tailored to the needs of dislocated workers as well as of Title IIA participants.

The use of incentives is one way for States to exercise influence over the level of activity and expenditure of Title III funds. Next, we discuss a grant funding option that permits greater control than either formula or diffusion funding approaches.

Procurement of Title III Services on a Project Basis

By far, the majority of Title III grant funds are used by the States to procure Title III services on a project basis. These include both competitive, request for proposal (RFP) systems, and systems in which the State preselects the grantee and then requires the grantee to design an acceptable project prior to receiving funding. You can restrict potential project grantees to specific entities or combinations such as SDAs, economic planning districts, local elected officials, etc., or simply open the bidding to any that meet the State's qualifications. Unlike management through State-designed projects, this approach features a set of State preferences and priorities to which a grant applicant is required to respond with a project design.

The degree to which you can actively manage the Title III grant in a project system depends greatly upon the specificity required in the grant application, the monitoring of performance and corrective action that you are prepared to undertake, and the willingness and ability to set and enforce priorities for Title III programs that reflect the State's agenda.

Procurement of services for dislocated workers on a project-by-project basis is especially well suited to States that emphasize targeting of Title III resources on the basis of geography, industry, or occupation. Specific plant closings or mass layoffs are also common project targets. For these reasons, nearly every State procures at least some services on a project basis, regardless of the other methods of grant allocation that are also used. Moreover, Title III subgrantees, particularly SDAs receiving funds on a formula allocation basis, also may choose, or be required, to procure Title III services on a project basis.

Drawbacks to Project Funding

There are several potential drawbacks to using the project funding model. First, the State will incur the administrative costs of preparing and disseminating the specifications to which offerors must respond, reviewing project proposals, negotiating with potential grantees, and ensuring compliance with State procurement regulations.

Second, the choice of the project basis method implies that the State requires the project operator to meet many more requirements than those typically imposed through diffusion or formula funding mechanisms. A significant investment in monitoring, technical assistance, and other aspects of active grant management is needed to assure that the additional requirements are met.

Third, State managers must devise methods to avoid or reduce the time lag between identification of a need for services and the start-up of a project, without losing the benefits of requiring a detailed project plan that spells out performance responsibilities and otherwise adheres to the State agenda.

Fourth, since most projects are expected to be temporary, the costs of start-up and close-out recur with each project. This reduces the overall efficiency of the project since the start-up and close-out processes detract from the provision of services to participants. It also increases the unit cost.

It should be noted, however, than an annual conpetition of SDAs for funding under a State RFP, or a procurement competition that included SDAs and other established entities might not have the same start-up delays that States encounter otherwise in funding special products.

Benefits of Project Funding

Even with these drawbacks, the potential benefits of targeting, program flexibility, mobility of program resources, and active grant management make project funding the procurement arrangement most preferred by States for providing services to dislocated workers. The challenge lies in how to administer the program so that the costs of active management and the quality of program outcomes are in balance. This topic is addressed in Chapter 5 where we present ways in which the management of the project procurement process can be used to counteract some of the drawbacks associated with the use of discrete projects.

Mix and Match: Preserving Flexibility in the Title III Program Through Use of Combinations of Funding Mechanisms

Up to this point we have been considering individual types of Title III funding mechanisms as if they were mutually exclusive options when, of course, they are not. Nearly every State combines two or more funding mechanisms; and less-than-statewide programming or other kinds

of targeting are widely used. The purpose of this section is to review briefly some of the ways in which States can achieve more grant management flexibility through the use of a mix of funding mechanisms.

Dealing With Plant Closures

State Contingency Funds. Regardless of the mechanism chosen by a State for funding its basic Title III program, more States are reserving a growing portion of Title III formula funds to respond directly to unanticipated developments -- such as plant shutdown -- that occur during the program year. When States move to commit contingency funds in response to an emergency situation, some favor direct passage of the money to an existing entity such as the affected SDA(s), the Job Service/ES, State dislocated worker service center or the employer, union or an employer/union coalition. Others prefer to develop projects tailored to each situation. Your primary challenge is to move quickly without sacrificing State specification of project content.

Rapid Response Options

However, there are other options open when a rapid response is desirable. One is to develop a Title III dislocated worker rapid-response team that travels to the area ad coordinates local and State organization roles in a temporary, high intensity, layoff adjustment project. While this option is used effectively in both urban and rural settings, it may be most important in locations where local training and employment services are meager and generally geared toward low levels of activity. In such cases, there is simply no employment and training infrastructure adequate to handle a mass layoff.

Rapid response teams may be composed of SESA employees, personnel of the State Title III manager's unit, some interagency task force mix, or even a private vendor of dislocated worker services. The team may have as its objective the actual delivery of services to dislocated workers or the organization of community resources to address the overall problem of dislocation.

When the objective is the delivery of services, the response team can be used to initiate recruitment and other take services while you and potential grantees devise an acceptable project design and comply with procurement procedures. If you identify a preferred service provider rather than using a competitive process, the rapid response team may also be useful for providing preaward technical assistance in project design and proposal preparation for the preselected service provider.

When the objective is to organize community resources to address the problem, the rapid response team meets with representatives of a variety of organizations, both public and private. Not the least of these are employers, union leaders, members of the local PIC and elected officials. Prior to those meetings, the rapid response team researches and evaluates data relevant to the community's socioeconomic

relevant to the community's socioeconomic idiosyncrasies, the organizations that may be key actors in a dislocation response, and, if possible, where effective coordination and working relationships exist.

This approach encompasses a wide range of goals: to assist the entire community to respond to the social and economic impact of a major reduction in the work force. Because of the many aspects entailed, the quick response team must be diverse. Economic development specialists and State chiefs of public service agencies that administer public assistance, food stamps, vocational education and health services are welcome additions to the rapid response team. Together, they can deal with the dislocation problem in its broadest aspects.

Participant Mix and Cost Affected by Rapid Response

There have been some questions raised concerning the cost effectiveness involved in rushing Title III aid into a dislocation "emergency," regardless of whether it is through the use of a rapid response team or some other program/funding configuration. Primarily, the issue is whether or not high placement rates and low costs may be achieved as a consequence of serving many workers who would have become re-employed quickly without assistance. When aid is slower in arriving on the scene, it is argued, many dislocated workers will already have found new jobs and program participants will consist primarily of those workers who truly need outside assistance. This may result in lower placement rates and/or higher costs per placement overall, but in terms of long-range economic benefits, it may be a better investment of limited funds.

However, there are so many other real problems associated with delays in responding to plant shutdowns -- high UI costs, deteriorating morale, premature withdrawal of older workers from the labor force, and the lack of Title III program design flexibility due to exhaustion of UI benefits -- that an active manager has a host of incentives to design a rapid response capability that minimizes expenditures on the "easily re-employable" group and provides the earliest possible intervention for those who would otherwise face prolonged unemployment.

For those who are concerned about the use of Title III resources on workers who could have obtained employment without outside assistance, a program model featuring job search assistance as a first step is the solution. Job search assistance is a low cost intervention which ensures that employable dislocated workers are placed in new jobs quickly and inexpensively and those requiring more extensive services are identified.

Dual Systems. Another way to use JTPA's flexibility to channel different services to different target groups in a cost effective manner is to set up a two track or dual system. One track may be exclusively aimed at the long-term unemployed dislocated worker (or

those deemed likely to become long-term unemployed) while other tracks may concentrate upon one or more of the following:

- Specific plant shutdowns;
- Laid-off workers in general;
- Particular occupational groups such as farmers and self-employed persons displaced by foreclosure;
- Services to other significant segments of the Title III eligible population, such as those with limited English language facility;
- Industry-wide targets;
- Geographically-targeted areas; or
- Eligibles with sufficient remaining UI benefits or other sources of income to support them during lengthy training programs.

A dual system will incorporate a variety of funding mechanisms. There are several factors that influence the choice of funding arrangement. The type of target group served is one. The availability of resources, particularly agents who may serve as program operators, is a second. Finally, the State's Title III agenda is another. These factors must be reviewed as the basis for excercising the flexibility that JTPA offers States under Title III.

Needs-based Allocation Formulas

Less-Than-Statewide Programming and Other Targeting Choices. Any of the three major funding allocation systems can be implemented on a less than statewide basis. While the project procurement process seems to some to be the ideal way of dealing with geographic targeting that results in a less than statewide program, good arguments can also be made for needs-based substate allocation formulas that allow for zero-funding of locales with commensurate low composite scores on the needs index.

Two-Stage Process

Alternatively, a two-stage process could first determine targeted areas and funding allocations by the formula method and then employ any of the three kinds of mechanisms to develop suitable programs/projects. For instance, one of the needs-based formulas that we have previously described could identify a subset of SDAs, ES regions, economic development districts, counties, etc., that was most in need. In the second step, you remain free to manage the allocation of funds among them by any of the three general methods: diffusion funding, formula funding, or project procurement.

Other Considerations

The choice of funding mechanism may depend on the State's view of the appropriateness of extensive targeting. The more targeting the State agenda calls for, the more monitoring State management must undertake. Indeed, to combine passive diffusion management of the grant with a highly targeted program seems to be a recipe for failure.

If yours is a State where decentralization and/or diffusion funding represent important points of the Title III agenda, a limited amount of targeting may also be on the agenda. If that is the case, then the basic Title III program can be styled for the general eligible population while State contingency funds are targeted to specific groups. While early contingency funds were typically 25 percent or less of the State's formula allocation, managers faced with a mixed State agenda for Title III are taking aim at the mix between diffusion or formula funded proportions and the contingency portions of their funds.

CHAPTER 3: DEFINING PARTICIPANT ELIGIBILITY

Introduction

States can exercise considerable control over Title III program design through their influence over the types of participants that can be served. Because JTPA delegates the responsibility for defining eligibility criteria to the State, the act provides another opportunity for States to shape and control the design of Title III programs.

There are three broad reasons for States to make use of the flexibility in the Act to define dislocated workers. First, through eligibility definitions, a State can ration Title III resources by targeting the hardest hit industries, regions or occupations in the State, thereby excluding the "otherwise eligible" persons. Second, the definition of eligibility can be expanded in order to target dislocated homemakers or formerly self-employed persons in agriculture and agriculturally-related occupations. Third, States have the option to clarify the eligibility status of dislocated workers who assumed stop-gap employment. It is important to remember that Section 302 of the Act places under State control the development of key definitions and eligibility criteria, which will govern to some extent who the program serves.

In this section of the chapter, we examine some of the options open to the State for defining participant eligibility.

Definition Issues

To make best use of the eligibility and targeting flexibility, you need to be familiar with the issues that must be addressed when definitions are imposed on Title III programs statewide. The relationship between the State's Title III agenda and the State policies is reflected particularly well in the participant eligibility criteria. As a result, the definitions of eligibility can have far ranging impacts on economic and social issues as well. Unfortunately, many States fail to exercise their options under JTPA. This leads to a loss of control over target groups to be served which, in turn, limits the State's control over program design and the use of Title III resources to achieve the State's broader goals.

Long Term Unemployed

There are a number of factors to consider when defining participant eligibility. The first of these concerns length of unemployment. Dislocated workers can be workers recently laid off or workers who have been unemployed over an extended period of time. The latter group frequently are called "long-term" unemployed. Although this term is not well defined, it frequently refers to people who have had marginal work histories and whose skills were never relevant to the area labor market. Clearly, the concept "long-term" unemployed needs to be thought through carefully. Otherwise, Title III programs may be indistinguishable from Title IIA programs because they are serving very similar target groups.

Impact Related Layoffs

The way in which participant eligibility is defined also can determine to what extent economic reversals due to technological or import-related factors are addressed. Layoffs for these reasons may be of greater concern to the State because of their long term political and economic importance.

Labor force attachment or attachment to a declining occupation or industry is another factor to consider. As technological advances progress with ever increasing rapidity, workers' tenure in previous "base" or primary occupations is less secure. Their need for reemployment assistance can be a major issue.

Farmers

Farm States are examining the point in foreclosure or bankruptcy proceedings at which farmers and other self-employed individuals become dislocated workers. This is a new concept for many State managers of Title III programs but one that is relevant to the changing agriculture and small business failure rate.

Depletion of UI Funds

States also may be concerned about the consumption of UI benefits. Recessions with high uneployment rates can deplete UI funds. Even under normal circumstances, the drain on State UI accounts may warrant targeting of Title III workers to UI recipients.

These are some examples of factors that have ramifications for State policies. The impact of the eligibility definitions on program design and outcomes is another matter. Another TAG - Intake Systems for Dislocated Worker Programs: Matching Dislocated Workers With Appropriate Services - discusses this in considerable detail. The point is made there that the participant selection criteria determine what program services and activities will be offered, the types of outcomes that can be expected and the extent to which program admission will be governed by specific participant attributes. In the section that follows, we discuss some program strategies that are particularly sensitive to participant eligibility definitions.

State Options for Addressing Common Target Groups

Flexibility for Title IIA Eligibles Who Are Dislocated Workers

Some dislocated workers are eligible under both Title IIA and Title III. A preference that these people be enrolled under Title III makes good sense where the State is committed to separate and distinctive service patterns that are believed to be uniquely suited to Title III eligibles. There is, however, some risk that persons eligible under both titles will have little or no remaining UI eligibility due to the duration of their unemployment. Hence, you may have to look elsewhere for matching funds, if you serve them under Title III.

The arguments for preferring to serve these dual eligibles under Title IIA focus on the absence of a matching requirement. Also, Title IIA usually represents a larger pool of funds, and, therefore,

a greater selection of training options that may fit the needs of some dislocated workers better than training options available under Title III.

Of course, the JTPA requirement that at least 40 percent of Title IIA funds be spent on youth does limit the degree to which States and SDAs can exercise a preference for Title IIA enrollment of dual eligibles. However, in States that have not required significant prior job experience or tenure in the applicant's "normal occupation," Title III eligibles may also include a fair number of youths. Indeed, the Title III requirement that eligibles have worked at least, for instance, five years in the "normal occupation" is one way to ration Title III resources in order to target an older, and presumably less occupationally flexible, group. And, limiting Title III services to the long-term unemployed (usually 15 weeks, or 15 weeks out of some base period such as 26 weeks), is also assumed by some managers to result in an older, less occupationally mobile participant groups.

Flexibility for Older Dislocated Workers

The 3 percent set-aside for older workers under Title IIA is very often being underutilized by the States.* Dislocated workers who have dual eligibility for Title IIA and III and who are 55 years of age or older are a natural, and probably very hard to serve, target group for the 3 percent older worker set-aside funds. Among the advantages of serving these dual eligibles in a 3 percent funded program are the lack of a matching requirement. In addition, it gives another chance to avoid the embarrassment of unspent JTPA funds in a high unemployment environment.

Selection and Screening Option

The State manager can also influence the mix of expenditures on the more readily re-employable dislocated workers by prescribing the methods to be used to recruit eligibles and to select enrollees from among the eligible population.

Inclusive Selection

The State's prescription of selection and screening options, therefore, affects the targeting of Title III resources. For example, you may mandate an inclusive selection process. The selection system can be said to be inclusive when all eligibles who present themselves are enrolled without a pre-enrollment screening process.

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*Cook, Robert F., et al. Implementation of The Job Training Partnership Act: Final Report. Westat, Inc. November 1985.

Managers who give preference to inclusive selection of eligibles need to be especially vigilant when they monitor the recruitment and outreach process actually in use. Some projects require potential enrollees to attend each one of a series of pre-enrollment meetings. Failure to attend one of these results in nonenrollment. Projects that employ this method maintain that they are simply screening out the less motivated eligibles prior to enrollment. In contrast, projects that truly practice inclusive selection may have specially trained staff whose job it is to contact any eligible who fails to appear and to provide encouragement and counseling aimed at bringing the worker back to the program. It seems clear that even when inclusive selection is practiced, there are opportunities to intitute obstacles that screen for "more desirable" participants.

Exclusive Selection

Some State managers and program operators prefer to prescreen eligibles so that only those who continue to appear for and score well on a series of tests will be enrolled. The main argument for this exclusive selection seems to be that only those with the potential to succeed in specific training courses should be enrolled in them. However, even project operators who provide job search assistance as their primary service can be found using both formal and informal exclusive selection methods. States that support exclusive selection systems are encouraging selectivity that promotes high entered employment rates, but that may screen out those most in need of assistance.

Post-Enrollment Screening

There is another method that you can use to influence the match between participants and the type and cost of services to more and less readily employable participants. You can prescribe specific screening methods for determining which enrollees will receive which services. Post-enrollment screening encourages a more individualized program of services that addresses a greater range of needs and, therefore, a greater range of participants.

Staff Screening

There are several post-enrollment screening methods in use. The traditional method for determining the service sequence for each enrollee is to have professional staff analyze test results, enrollee preferences, etc., and to develop an individual employment development plan (EDP), based on his/her best professional judgment.

Post-enrollment Market Screening

With the advent of job clubs and other self-directed job search techniques, advocates of "up-front job search" for all enrollees are challenging the notion that staff assessment can best determine who is job ready and who is not. They argue that up-front job search lets the labor market do the screening; that is, that it more accurately determines which enrollees can benefit from an inexpensive service job search only and which should have an alternative EDP developed for them. State managers who have developed a rapid response program capability or who otherwise wish to concentrate services on the hard-to-serve may want to consider such an option as insurance against over-spending on the more job ready of a group of newly displaced workers.

The subject of screening techniques and intake models is treated in greater detail in the TAG Intake Systems for Dislocated Worker Programs: Matching Dislocated Workers to Appropriate Services. The subject is introduced here to demonstrate how the intake and selection methods relate to eligibility definitions. Clearly, State policies must address both the eligibility definition issues as well as the intake systems if States are to retain control over the types of dislocated workers to be served by JTPA Title III.

CHAPTER 4: FINDING MATCHING FUNDS

Introduction

Section 304 of the JTPA spells out the requirement that funds from non-Federal sources will be used to match Title III funds distributed to the State under Section (301)b (i.e., funds other than those from the Secretary's discretionary fund). In general, a dollar-for-dollar match is required, with various reductions in the requirement available to States on the basis of a needs-based formula. Up to 50 percent of the match may be in the form of State unemployment insurance payments to eligible enrollees.

By far, the most frequently used sources of Title III matching funds are unemployment insurance, in-kind contributions, the employers' share of OJT wages and the State appropriation share of the cost of vocational or technical education.

Other sources in use or being contemplated include:

- UI-related matching sources;
- State general revenue appropriations and incentives to use JTPA participants;
- Cash from existing joint labor/management training funds such as the UAW-automakers "Nickel Funds" and other "hard cash" matching funds; and

Some States view the matching requirement as simply a burden to be overcome in the simplest manner possible. These States have tended to follow one of two general courses. The first is to pass along the matching responsibility to Title III grantees in general grant or contract language. The second is to require grantees to state the sources of matching funds that they expect to generate. The level of documentation of matching funds required by the States varies considerably but is likely to be minimal in States that have not issued explicit instructions to grantees that define acceptable and unacceptable sources of match.

Where States have been active in regulating and defining acceptable, preferred and/or unacceptable matching sources, the rationales given for their choices indicate that matching options can be used to "steer" the program. In some instances, however, the choice of match may be compelled by the absence in the State of adequate systems for documenting some types of matching funds, such as UI payments.

Here, we will briefly describe some of the options available to States for securing matching funds and, in particular, the ways in which the choice of a matching source or sources of funds may limit or expand program flexibility and participant mix.

Unemployment Insurance

Up to one-half of the State's required match can come from UI payments to Title III participants. Three issues have persisted concerning the use of UI payments. These are:

- The effect on participant mix and speed of enrollment buildup;
- Documentation of the dollar amount of the match for each participant; and
- Waiver of the UI "availability for work" and "job search" tests for participants enrolled in JTPA.

Problems with UI Match

Early enthusiasm for maximum use of UI payments in the match is substantially dampened when States and program operators discover the limits that this places on their programs. For instance, when long-term unemployed workers exhaust UI benefits or have too few weeks of remaining eligibility to provide support during a retraining program of any length, the length of stay and planned service mix become critical factors. Under these circumstances, programs must be either redesigned to accommodate a shorter length of stay or risk a high dropout rate as participants take "stop gap" employment out of necessity. Dislocated workers who take "stop gap" employment are no longer a possible source of UI matching.

Title III programs that rely heavily on UI benefits plus a State appropriated share of vocational education funds may have similar difficulties since many eligibles who have exhausted their UI benefits also are unable to enter a lengthy training course.

If these problems are to be avoided, fast response/pre-plant shut-down strategies are in order so that UI benefits and even vocational education funds are feasible sources of matching funds. By the time the typical Title III program has responded to shutdowns or mass layoffs, many weeks of benefit eligibility are consumed and the probability that a dislocated worker can afford a sufficient length of stay to complete training is greatly diminished.

There is also a need for program strategies that succeed in convincing these workers to participate in JTPA. Dislocated workers with remaining UI benefit eligibility are often reluctant to accept the possibility that they will not be called back. Moreover, recalls or plant re-openings sometimes do occur, undermining the credence of any program design.

In short, the reliance on UI benefits often assumes that both the program and the dislocated workers are able and willing to move very quickly. If this is not possible, a slow build-up of enrollment, delays for program redesign, and limitations on who can be served usually result.

Options for Better Use of UI Match

Based on States' past experiences, there are a variety of strategies to take advantage of UI matching and to insure that it does not result in the undue exclusion of otherwise eligible persons. First, a special service track tailored to the needs and resources of long-term unemployed, UI exhaustees or those in stop gap employment may be developed. This track is organizationally separate from other Title III operations so that the program cannot drift in the direction of exclusive service to newly displaced workers.

A second strategy is to rely on the general Title IIA eligibility status of dislocated workers who have no or limited remaining UI benefit eligibility. Frequently, workers at this point are Title IIA eligible. The SDA is encouraged to enroll such persons in Title IIA.

Another way in which Title IIA is applicable to this problem is through the use of the 10 percent "window of eligibility." As a coordination issue, this option presents significant challenges, especially where the SDAs and/or the State Job Training Coordinating Council are not in key Title III roles otherwise and are not supportive of this strategy.

Fourth, the State can invest in a fast response capability that addresses the issue of dislocation before the plant shuts down.

Fifth, credible presentations to newly dislocated workers concerning re-employment expectations are an option. A number of programs have found that previously dislocated workers and/or local union representatives can be highly effective in communicating the urgency of this situation. Moreover, where firms set up or run in-house pre-shutdown services on their premises, allow released time for job search, or where there is a relaxing of severance pay or retirement fund requirements for departing workers, the permanence of the shutdown decision may be more credible. For similar reasons, employer in-kind and cash matching funds are said by some to be of great importance. They not only provide a match for those employees who are placed before the shutdown and don't draw any UI for match, but also may make those who become UI beneficiaries less likely to believe that the firm will recall them.

Documentation of the UI Match

All States face hard choices posed by match documentation requirements. States either take match requirements seriously in designing and administering their program or face audit exceptions and likely disallowed costs. They must have some means for documenting UI payments to program participants since all match to Federal grants must be auditable. This has caused some States to at least temporarily limit UI matching.

A number of States have found it necesary to periodically crossmatch JTPA Title III enrollee files and the UI weekly benefit payment files. A further sophistication of this system is to set up a computerized matching funds "bank" at the State level. This allows State managers to track several sources of match that are generated as participants move through the JTPA program components and accrue matching funds in UI benefits or vocational education contributions. If the mix of matching sources becomes unbalanced, corrective action can be initiated.

UI Waivers

A related issue is UI waivers. Waiver of the UI availability for work and job search eligibility tests seems to be a problem that simply will not go away. Everytime managers believe it has been resolved, it jumps up to bite them again. The following example demonstrates the problem. There is a universal requirement that UI beneficiaries must be available to take a job during any benefit week, and an almost universal requirement that some sort of job search activity be undertaken during each benefit week. States have the option to waive those eligibility requirements for beneficiaries during the benefit weeks in which they are enrolled in a "State approved training program within the meaning of any other provision of Federal law pertaining to unemployment benefits." Section 302(d) of JTPA simply stated that as far as the Federal government was concerned, JTPA training could be treated as a State approved training program.

Obviously, for an enrollee's UI payments to be a legal Title III match, he/she must be legally eligible to receive them. Moreover, most State JTPA Title III managers and policymakers apparently do not want or intend UI beneficiaries to lose their eligibility if they enter training. Therefore, in order to facilitate the maintenance of eligibility, States undertook legislative and/or administrative actions to define JTPA as approved training, and, in some cases, even to create a blanket waiver for JTPA enrollees. The new rules were communicated to UI claims offices and almost everyone gave a sigh of relief that a very basic State policy inconsistancy had been resolved.

Unfortunately, they were wrong. In many States, UI beneficiaries had to request a waiver; the blanket waiver provision really meant that if one was requested and JTPA enrollment was appropriately documented, the waiver was to be issued. UI beneficiaries, being generally unaware of the necessity to request a waiver, did not do so. There was no provision or requirement for UI claimstakers to determine whether or not the beneficiary should have asked for a waiver. Benefit denials and their influences on participant mix and the availability of UI match were back.

More correctly, in some cases, they were waiting in the wings. Undoubtedly, many beneficiaries' JTPA activities went undetected by the UI office, with no waiver in force, for the duration of eligibility. One State official, whose State has a blanket waiver and relies heavily on UI for Title III match, discovered that only 30

waivers were issued statewide for all approved training programs during the preceding JTPA program year. Although it's difficult to imagine the State pursuing those UI recipients who the State had taken actions to make eligible, the fact is that they may have remained technically ineligible for UI payment because of their failure to request the automatic waiver.

However, there is now a simple method to trigger a request for waiver. JTPA program operators can supply Title III participants with a card or letter formally requesting the waiver which they present to the UI claims office for validation. Unfortunately, even in some States with blanket waiver regulations, some UI claims personnel may continue to apply the availability and job search tests to JTPA Title III participants and to inform potential participants that they may become ineligible for UI if they enroll. Program operators or union advisors must deal with this problem on a case-by-case basis until State Title III program managers find ways to bring UI personnel into compliance with State policy on waivers. Plans are underway in at least one State to use JTPA technical assistance resources to retrain local UI personnel on how to respond to a waiver request.

Another State JTPA office, with the backing of the Governor, has negotiated with the SESA a target of 2,000 training-related UI waivers for the next program year. In this instance, SESA staff are responsible for any necessary training or communication with field officers. If the target is met, it will represent a 60-fold increase in training related UI waivers from the preceding year.

Other State actions to insure that a waiver request is made and acted upon feature the use of a JTPA form that combines the waiver request with data processing instructions for the transfer of individual enrollee UI payment records to the JTPA-MIS. This is done for the purpose of documenting the match. When waiver-approved participant activities are completed, the JTPA office communicates this to the UI office so that the waiver can be terminated. Although these may appear to be fairly burdensome requirements, most States are now involved in a variety of cross-matching activities aimed at detecting compliance with earnings-related UI benefit eligibility criteria. Such systems may permit the addition of waiver status and benefit accounting for JTPA purposes as well.

Rationalization and documentation of the UI waiver process to conform with State policy is certainly not just a logistical challenge, however. Considerably more, and more effective, cooperation between the State Unemployment Insurance Service and the entire range of job training agencies is needed to resolve the problems surrounding the use of UI payments as a source of matching funds. The States' Title III managers are themselves key actors engaged in the orchestration of this coordination among the agencies involved.

In-Kind Contributions

In-kind contributions -- space, equipment, released time from ordinary duties -- are among the most common sources of matching funds.

States have a choice of policies regarding in-kind contributions that span a broad spectrum. At one end of the spectrum are policies that count as matching funds any and all in-kind contributions. At the other end of the spectrum are policies that require matching funds to be products or services that would have to be purchased if not donated. These typically include office or training space, equipment required for training, computer time, and released time of private firm or union employees to provide direct services to dislocated workers.

This push for "hard" in-kind contributions seems to be a feature of State managements that are also very active in pressing Title III operators and the former employers of the laid-off workers to develop hard cash matches as well. And, in line with their drive to have the match represent resources that otherwise will not be available, they may decline to count severance or accumulated vacation pay to dislocated workers as part of the match or the use of SESA employees' released time.

Employers' Share of OJT Wages

One of the four most common sources of matching funds is the employers' share of OJT wages. Both the cash portion of employer OJT wages and the estimated value of fringe benefits may count as matching funds.

Planning to use employers' OJT wages can result in problems similar to those observed when UI payments and State vocational education appropriations are used. Overreliance on one or more of these sources leads to difficulties in finding enough participants who will generate matching funds without excluding eligibles who do not generate matching funds. State managers who are in a position to review Title III grantee proposals can, if necessary, renegotiate grantees' proposed OJT match to realistic levels in order to avoid those problems.

State Appropriated Share of Vocational or Technical Education Costs

State appropriations that subsidize vocational, technical and community college programs gained early popularity as a major source of Title III matching funds. While remaining highly popular, the unanticipated side-effects that heavy reliance on this source produced have led managers to re-examine its place in the mix of sources of matching funds. As pointed out earlier in the discussion of UI payments, it is often not possible to enroll Title III eligibles in lengthy training and thereby secure the match. This is usually due to the lack of UI or other income support during training.

Consequently, enrollment build-up is slow and the participant mix skewed toward those eligibles who have other income sources. Moreover, the semester system and the length of typical training courses in these institutions create delays in entry that further stretch household resources so that many eligible workers decline such training.

Other Sources of Title III Matching Funds

Experience with the major sources of matching funds have led active managers to focus more on dislocated worker's needs and the job opportunities in the local economy to determine appropriate service mix (OJT, classroom training, job search, etc.) rather than allowing the availability of a match to determine service mix and/or enrollee characteristics. This objective may be leading more State programs to seek other kinds of State funds, hard in-kind and hard cash to generate part of the required match.

Efforts to increase Title III programming flexibility and responsiveness to diverse pools of eligible dislocated workers have led program managers, grantees, and several State Governors and legislatures to seek supplementary resources that may also be used to meet matching requirements. Here we briefly discuss other types of matching funds.

UI-Related Matching Fund Sources

A small minority of States have State-funded extended unemployment benefits. These provide an opportune source of additional Title III match while enabling some regular UI exhaustees to support themselves during longer periods of program participation.

Another UI-related source of matching funds is severance and/or accumulated vacation pay received by dislocated workers. The rationale for its use is UI-related. That is, receipt of such payments may substantially reduce or delay the unemployed worker's eligibility for UI benefits when States treat them as earned income. Therefore, in order to ensure that Title III enrollees in this situation can generate matching funds some States are allowing this source to be used.

State Appropriations and Incentives

The number of States that are actively seeking cash sources of match seems to be growing. Although small in number, States that have State appropriations for dislocated worker programs believe that this promotes program visibility, accountability and coordination with other State initiatives.

Also small are the number of States that include incentives for employers to hire JTPA participants. In the latter case, no set dollar amount is set aside as a Title III match; that is, the size of the match is dependent upon the "take-up rate."

A particularly innovative approach is to use tax provisions and economic development tools to generate matching funds. Special training funds generated by a State tax on employers is one example. Another involves incentives to use JTPA participants for projects utilizing low-interest State-guaranteed loans. Employers benefiting from State economic development funds are required to hire JTPA participants through OJT contracts. The employer's share of OJT wages can then be counted as a match.

Other Cash

Employers, unions, and joint labor-management funds are providing what may be a significant part of matching funds in cash in the case of specific Title III projects or training centers. Discussions with State and project-level managers indicate that whether the State or the grantee is responsible for the Title III match, cash contributions are most often associated with plant-specific or industry-specific Title III activities. A prominent example is the negotiated training set-asides, known as the "nickel funds" that are being used in joint UAW-Ford or General Motors (GM) projects. These funds accrue at the rate of 5 cents per hour worked by a GM or Ford employee and are designated for upgrading or retraining auto workers. Other major unions have negotiated or are considering agreements that will result in the establishment of special skills upgrading or training funds. These funds should be investigated as a possible source of matching funds.

CHAPTER 5: SCREENING GRANT APPLICATIONS AND SELECTING TITLE III SUB-GRANTEES

Introduction

Much of the State's ability to maintain control over Title III programs obviously depends on the key decisions related to funding mechanisms and participant eligibility definitions. Monitoring and program review and assessment is another means for maintaining control over program administrative and service delivery processes. What should not be overlooked is the use of grant application and review procedures to control program direction so that State agendas are addressed. Here an ounce of prevention can be worth a pound of cure. State Title III managers can significantly shape the Title III programs to respond to the State's agenda by controlling the grant application, screening and selection process to require that adequate specificity of program operator responsibilities is included in the grant's statement of work.

In this chapter, we examine the key elements of the grant application, screening and selection process that have the greatest implications for Title III programs. The first of these concerns the issue of a unified voice to represent the Governor.

Who's In Charge Here?

In general, control of the grant application and review process should be exercised by the lead actor in the State's Title III system. That is, in States where the SJTCC or one of its committees is the dominant actor on behalf of the Governor, it should be involved directly in planning and overseeing the selection and funding of sub-grantees. Where an appointed Title III staff person works largely independently of the State council, the staff will control the grant procedure on behalf of the Governor. Although in either case the decisions may be simply advisory to the Governor, either seems preferable to an indefinite mix of council-staff authority. That situation increases the likelihood that the Governor or the relevant cabinet secretary eventually has to intervene directly in the funding decision. Regardless of the choice, a clear signal as to who speaks with the Governor's voice on Title III is crucial to maintenance of State control of program design and implementation.

Staying In Charge: It's All In The Timing

During the scramble to initiate a new program during the Transition Year and much of the first Program Year, State managers who required detailed Title III grant applications and service plans from

potential sub-grantees* looked forward to the day when they could work out a nice, neat annual procurement cycle -- usually one which was tied to the program year. Common due dates for applications, review comments and for project starting and ending dates became a planning objective.

Ironically, the more active the State's approach to management and control of dislocated worker programs, the less helpful a single annual procurement cycle is likely to be. Even in the face of criticism of low early-year commitment rates for Title III funds, there is a move by activist Title III State managers to abandon the single annual procurement cycle for Title III. The reasons are quite simple. Spreading procurement, monitoring, technical assistance and project/service start-up, and shutdown activities throughout the year better distributes the work load for State personnel. For this reason, it is emerging as a preferred management practice.

There are a number of other potential gains from discontinuing a unitary procurement and project life schedule. First, staff and council members can give increased attention to individual applications. Second, removal of absolute application and review deadlines may benefit smaller or less experienced applicants who need technical assistance to reach their potential as worthy subgrantees. Staggered starting dates facilitate the provision of individual project start-up technical assistance. Thus, dislocated workers in areas with meager experience or training resources may benefit.

Third, Title III management and oversite technical assistance staff resources can be used more efficiently by avoiding "boom and bust" activity cycles. Fourth, timely monitoring of project or service start-up activities, a key to effective "trouble-shooting," is more readily assured if all projects do not start up at one time.

Fifth, the State maintains a reserve of unobligated Title III funds to provide responses to unanticipated needs such as plant shut-downs. Preserving such flexibility is an important State management objective.

All of these factors enhance activist State management and control of dislocated worker programming. And there are a number of methods available to achieve a more manageable distribution of procurement cycles. One method is to provide open or year round application periods that permit proposers to respond when ready and when the need or other factors are synchronized. Alternatively, the use of two or more scheduled procurement cycles per year can also be used. This has the benefit of providing predetermined procurement schedules while offering some flexibility. Another approach is to use planning and technical

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*Whether the procurements were on a competitive basis or not.

assistance grants to assist applicants in the design of a project or service configuration to meet State standards so that individual grant procedures are expedited. Pre-application action grants may also be used to allow quick response service delivery to begin while a formal application is being developed and reviewed.

Of course, recognizing that procurement timing ultimately drives the grant monitoring cycle, the implementation of grant management systems that track the planned "life cycle" of individual grants and include procedures for renegotiating both monetary and nonmonetary terms of the grant are necessary. For similar reasons, implementation of a grant expenditure monitoring system with specific targets and procedures for deobligation and reobligation of funds permits frequent, more accurate assessments of available Title III funds.

Once again, the key for State managers is to exercise the flexibility provided by JTPA to craft a program and procedures that promote the Governor's Title III agenda. Not ceding control of the program and staff resources to a rigid procurement cycle may be an important ingredient, the ounce of prevention, in an active management plan.

What You See is What You Get: The Grant Application Package and Proposal Review

A well designed grant application package or request for proposals (RFPs) tells prospective service deliverers what the State's Title III agenda permits or prefers, what it does not permit, and what it requires. For instance, if the State agenda calls for maximizing the participation of workers in program planning and service delivery, a State may choose to require that representatives of each union whose members are affected sit on the committee that will control a project.

Active State managers find that in order to make the State's agenda realistic for dislocated worker programs, they must explicitly prescribe some service options, and just as explicitly proscribe those which conflict with the State's agenda. In addition to numerical performance standards such as entered employment rates, the State's procurement powers can be used to require that the process by which outcomes are generated is compatible with State policy. That means writing such requirements into the grant application and incorporating them in the eventual statement of work. If the State's agenda implies a clear choice between, for instance, inclusive or exclusive participant selection, no subgrantee's statement of work should be silent on that subject.

The purpose of this section is to bring together many of the subjects of earlier sections in a brief review of their potential place in the grant application and review process. In addition, Appendix A of this guide presents selected grant application

requirements developed by the State of Minnesota for active management of its project procurement system. This one example is provided to stimulate a broader range of thought concerning the specificity of grant application documents.

Communicating the State's Agenda. When the State dislocated worker program publishes grant application guidelines and/or a request for proposals (RFP*), a background or overview section is a useful way to introduce the broad requirements and preferences implied by the State's agenda. Highlights of any required changes in grant provisions since the preceding program year are also an important purpose of such a section. Finally, in this brief opening statement, potential applicants are alerted to the existence and location of specific prescriptive and proscriptive rules that their proposals must address. Vague rules encourage vague proposals; active management of the Title III grant relies upon explicit statements of work that conform to the program's rules.

Help The Grant Applicants Get It Right The First Time

Procedural Requirements. Following the overview, the RFP should deal as expeditiously as possible with some key procedural provisions of the procurement. These may include:

- Who may receive funding under this procurement and who may not?
- What constitutes real or potential conflict of interest that could disqualify an applicant?
- What constitutes adequate compliance with Sections 305 (SDA review) and 306 (Union consultation) in the eyes of the State?
- With what other preapplication requirements must the applicant demonstrate compliance?
- Are there any requirements concerning the designation of presumptive providers of some or all services?
- What additional standard representations and certifications are required by State procurement regulations or by JTPA? (Copies of standard forms for "reps and certs" should be appended to the RFP since many applicants will not have these on file.)
- Is an audited financial statement required to be submitted?

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*For simplicity we will use the term RFP here to cover the variety of grant and contract applications/solicitations for bids regardless of whether the process is competitive or not.

- For what period of time must the applicant certify that the offer's terms will prevail? (Is the offer and its cost estimates good for 90 days? 180 days?)

- What constitutes an acceptable level of authority in the offeror's organization for those signing or co-signing the application?

For the most part, these questions are designed to insure that otherwise qualified applicants have met basic procedural requirements in their original applications. As managers in States with any significant body of procurement regulations will testify, failure to announce and to require compliance with their procedures can be devastating to the program implementation schedule. Even when the rules come in the form of simple English, rather than "legalese," a checklist or question and answer section, dealing entirely with procedural requirements, is valuable to both applicants and reviewers. Getting it right the first time becomes easier, especially for inexperienced grant applicants who otherwise are particularly handicapped in their ability to qualify. If the State is pursuing a course of greater involvement of unions and the former employers of the dislocated workers, articulation of procedural requirement becomes very important.

Spelling Out Additional Rules for the Procurement. If the State has elevated certain other JTPA requirements to the level of procedural rules, they should be spelled out in the procedures checklist. For instance, the grant applicant may be required to certify that arrangements have been concluded with the UI local office(s) so that UI waivers will be granted formally to UI recipients when their JTPA enrollment is confirmed by the program operator or grantee. This relieves the JTPA participant from the responsibility for securing a waiver. It puts the burden of compliance with the State's UI waiver policy squarely upon the operator/grantee and the UI office.

It is common practice, especially for competitive procurements, to name the sole official(s) who is authorized to discuss the terms of the procurement. Even if this has been done in the overview or a cover letter, the "Question and Answer" or checklist for procedural requirements should repeat that information.

Finally, if there is an absolute deadline for proposals to be considered, state it here as well as anywhere else you would normally include it.

In summary, even if statements about procedural requirements may be repeated elsewhere in the RFP, this is the place to repeat them all in one place. Even if the list turns out to be a dismayingly long one, this presentation will have simplified things for all concerned. And, no one will be able to truthfully claim that a proposal was disqualified by some procedural rule that was squirreled away in the third footnote of page 83 of the application.

Tell The Applicant What You're Willing To Buy -- Make The Applicant Tell You What's for Sale

The Statement of Work. State Title III managers can use the grant application statement of work to require the applicant to explain how the proposed project conforms to the State agenda. Targets, priorities, matching standards, variations on the general eligibility rule, significant segment service requirements, eligibility verification standards -- not to mention preferences for enrollee selection and screening methods -- are all elements of the statement of work.

General statements to the effect that the proposer must comply with State requirements do not constitute an acceptable demonstration that the State's intentions and objectives will be realized. That, or some variation, is probably the most common sentence in procurement announcements nationwide. It is more effective to accompany broad statements with specific statements of what the State program will or will not buy, what is or is not preferred, and if necessary, the relative weight to be given various factors when applications are reviewed and evaluated.

Guide to Formulating A Good Statement of Work

Obviously, what there is to say about these matters depends upon how many and which rules, preferences, or targets have been established and how they relate to a particular procurement. For instance, in the case of a RFP for services to the general Title III eligible population, the State may require considerably different evidence from the applicant concerning its proposed outreach and recruitment procedures than if it is an RFP for targeted services to non-English speaking former tuna cannery workers. Below are some items that help structure a definitive statement of work that helps an applicant understand the type of program being solicited.

- Target group - How does the applicant propose to establish contact with, recruit and successfully serve this sector of the eligible population? Is there a list that can be used? Will the cooperation of the former employer or union be required to carry out the plan successfully? Are they ready to cooperate? Does the applicant's staff include persons with skills specific to successful recruitment for this group? For instance, fluency in their principal language or an understanding of how provisions of the collective bargaining agreement may affect workers' recall or other rights while they are in JTPA may be necessary. Does the applicant have a record of demonstrated effectiveness in communicating with and providing services to this target group?

  This is the place to tell potential applicants what factors will convince reviewers that they can successfully find and serve the target group. In addition, it may invite applicants to list anything else that they think is an important factor; reviewers may discover some interesting, unfamiliar criteria

to consider for the future. Alternatively, this is also the place to watch out for applicant statements which characterize the target group in an inappropriate stereotypical fashion.*

- o Eligibility. Grant applicants should describe the eligibility determination process and propose a specific organization or unit which is to have responsibility for determination and verification of eligibility.

- o Non-Federal match. If the State passes along all or part of the responsibility for the match to the subgrantee, the State's requirements or preferences should be clearly stated. Applicants can then be required to provide a plan to supply and document the matching funds.

  Reviewers will wish to examine carefully the mix of sources proposed, in light of the character of the target group to be served, the planned service mix and other factors which strongly influence what are realistic assumptions and what are not.

  Documentation of cash and in-kind sources should be provided at the application stage. Methods for carrying out UI waiver procedural requirements should be spelled out.

- o Consultation and coordination requirements. Some active State managements require (or demonstrate a strong preference for) preapplication consultation and coordination activities over and above those specified in Sections 305 and 306 of JTPA. These can be spelled out in the grant application package. Community meetings and consultations which such requirements imply may result in delays in filing an application for funding. States may accommodate this either by allowing these activities to take place between application and receipt of funding or by using a continuous open procurement cycle that accepts applications throughout the year.

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*Applicant statements which impugn the work ethic or the need for earned income in the target group, for instance, might set off loud bells and flashing red lights in reviewers' minds. One way to increase the probability that inappropriate, stereotyped assumptions are detected is to include among the reviewers people who are representative of the target group.

- o Service mix and service providers. States that exercise preferences or requirements concerning shared or separate services for Title IIA and Title III enrollees, service mix or flow of enrollees through the service configuration, or service providers will wish to screen applications for appropriateness. Technical assistance guides which deal with these matters are being made available in this series.*

- o Experience of proposed staff and management; other organizational capabilities. Applicants may be required to demonstrate that they have on-board, or have the ability to recruit and retain, appropriate staff for all key positions. Organizational capability to meet project schedules -- MIS requirements, fiscal accountability, and other project management factors may be weighed in the funding decision.

- o Format suggestions or requirements. State or agency procurement regulations may require specific narrative and/or budget format. Alternatively, State management may wish to request use of a standard format to facilitate the review process.

- o Performance objectives. Most States now write numerical performance goals into the statement of work. If there is a statewide set of standards they should be published in the RFP, if feasible.

- o Adherence to state recordkeeping reporting and monitoring requirements. States may prescribe recordkeeping and reporting requirements for grantees. Moreover, State monitoring access to records and service sites may be written into the grant. It is now common for States to require quarterly and even monthly enrollment, termination, and expenditure reports for dislocated worker activities.

- o Other State requirements. States are increasingly aware that activity and expenditure review of grantees may indicate the need for corrective action and/or reprogramming of funds. Managers may wish to make such procedures and timetables for them part of the statement of work.

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*Bruno, A. Lee. Operating Effective Re-employment Strategies for Dislocated Workers. U.S. DOL. February 1986.

Condelli, Larry. Marketing Dislocated Workers: A Technical Assistance Guide on Job Development and Placement. U.S. DOL. February 1986.

Bruno, A. Lee. Intake Systems for Dislocated Worker Programs: Matching Dislocated Workers to Appropriate Services. U.S. DOL. February 1986.

Summary

Through its procurement system, the State may choose to require explicit implementation plans from grantees. This may be the case whether or not procurement of Title III services is on a competitive basis.

If the State elects to maintain significant control in program implementation, the grant application and review process and schedules must be manageable. This will necessitate clear designation of authority to act on behalf of the Governor; and it may require the use of several or continuous grant application periods during a program year.

The more active State management seeks to be in the realm of program design and implementation, the greater the procedural and descriptive detail in the grant statement of work. Applicants may be required to spell out how they will meet State program requirements and preferences in the design and operation of their dislocated worker activities. Tying applicant selection criteria to such matters, as well as to past performance on numerical standards, may be necessary to assure that the State selects grantees who meet their design and implementation criteria.

CHAPTER 6: MANAGING TITLE III PROJECTS THROUGH MONITORING AND PROGRAM REVIEWS

Introduction

Once Title III sub-grants are awarded, States must, thereafter, manage and control the programs through a system of monitoring and program review. It is, therefore, incumbent on the States that are committed to active grant management to design a monitoring and review procedure that is tailored to the funding mechanism and other management decisions that were discussed in the preceding chapters. The multitude of program design configurations that may result from other active management decisions is such that State managers will wish to customize monitoring and review to drive program performance in the direction of the State's agenda. If that agenda has been translated into specific operating and contract requirements, the preferred designs for monitoring and review can flow directly from those specifications.

This chapter concerns the monitoring and review functions of the States. These are discussed in terms of the role monitoring and program review plays in grant management even though it is recognized that monitoring and program review is a complex and technical subject that cannot be addressed in its entirety as a chapter in a TAG. However, some useful tips are offered here that will help State managers orient themselves better to the monitoring and program review idiosyncrasies of Title III projects.

First, it is important to understand that there are three types of monitoring or program review activities common to employment and training programs. These are:

- Compliance monitoring, an information retrieval process that is concerned with the program operator's compliance with State and Federal requirements;
- Performance monitoring, an information retrieval process that permits the specific program outcomes to be compared to standards for performance; and
- Analysis of outcomes, an information retrieval and analysis process that explains how outcomes are achieved and what factors enhance or impede project performance.

Generally, all three types of monitoring or program review activities are common to active grant managers, but the first two are essential to the States' oversight role and are basic elements of a monitoring system.

Each of the three types of monitoring activities are discussed in this chapter. In addition, the timing of the monitoring activities and the management information system (MIS) that supports many of the monitoring activities are discussed. We conclude with a brief example of how monitoring activities can be scheduled.

Compliance Monitoring. Compliance monitoring is done to ensure the projects' compliance to applicable laws, regulations, policies and procedures, all of which should be clearly stated and appended to the subgrants, contracts, or interagency agreements that are the legal basis for the funding of the projects. Data collection usually includes questionnaires that are designed to match these items so that there is clear documentation that the projects are in compliance.

The following list contains the categories of compliance issues that are typical of Title III programs. They include:

Compliance Issues

- Eligibility determination and review procedures, up to and including State reverification of a sample of determinations;
- Verification that participants were selected according to the grant statement of work;
- Verification that participants are assigned to services according to the grant statement of work;
- Verification that available services reflect the statement of work;
- Verification that participants are being trained for and/or placed in occupations listed in the statement of work;
- Status of project terminees to date;
- Levels of administrative costs, participant support costs and training costs to date;
- Coordination activities;
- Sources, levels and documentation for matching funds, if applicable;
- Procedures for obtaining and documenting UI eligibility waivers;
- Compliance with State guidelines concerning services to significant segments, provision of relocation assistance, and reporting requirements;

- Compliance with procedural requirements of the grant document; and

- Compliance with State guidelines issued since the grant agreement.

At a minimum, State oversight responsibilities detailed in the Act in Section 122 and Section 164 should be included.

Monitoring these and other compliance issues requires data that serve as evidence of compliance. For example, it is not sufficient to ask if participants are selected in compliance with the target group criteria. Instead, the monitor must examine participant characteristics to determine if a reasonable match exists. From this example, it can be seen why compliance monitoring requires a greater level of effort than do any of the other types of monitoring.

Project Performance Monitoring

Performance Measures

Monitoring project performance entails a comparison of actual project outcomes with either planned outcomes or performance standards. This comparison is for the purpose of determining whether the programs, as designed and implemented, are achieving the desired impact on program participants in terms of the resources consumed and the participants' disadvantages in the labor market. Three outcomes are typically used as measures -- entered employment rate, average wage upon placement, and cost per entered employment. In addition, some States are developing a wage replacement ratio performance measure. Generally this entails the computation of the ratio of the wage at placement and the last wage in the participant's "normal occupation." This requires the State to define "normal occupation" so that wages earned in stop gap underemployment situations following the dislocation do not affect the measurement. One variation on the wage replacement ratio is to include an estimate of the monetary value of fringe benefits in the wage rates.

The potential use of a wage replacement performance measure emphasizes an important aspect of tailoring the monitoring, technical assistance and performance review process to support the individual State's Title III agenda. If the State exercises a preference for Title III services that includes significant counseling aimed at lowering wage expectations among participants, the use of a high wage replacement performance standard will be inconsistent with the goal of maximizing placements. Alternately, States that, as a matter of policy, will not use their funds to lower the wage expectations of dislocated workers may accept somewhat lower placement rates, other things being equal.

In short, every design decision that Title III planners and managers make concerning eligiblity, selection, screening, fund allocation mechanisms, monitoring and technical assistance can be expected to influence program performance expectations. This being

the case, there is no single combination of performance indicators that will work best for all program designs. Therefore, the best guide to the selection of appropriate performance goals will be a well articulated State agenda for the Title III Dislocated Worker Program.

Regardless of the performance indicators selected, State managers must provide precise operational definitions of each indicator. This is to assure, for example, that all projects are computing the entered employment rate the same way. This is particularly important when program operators are not experienced operators of DOL funded employment and training programs.

Are Recalls Entered Employment?

There are a number of factors that confound the definitions of performance indicators for Title III projects. How to classify recalls is one. A participant who terminates the project to return to his or her old job is not demonstrating any positive effects of project enrollment; therefore, should recalls be considered entered employments? If not, are they non-positive terminations? One solution to this problem is to neutralize recalls by not counting them either as entered employments or as terminations when computing the entered employment rate.

Inactive Status

Another operational definition issue is how long inactive participants may remain enrolled. Since this is suspected to be a factor influencing the entered employment rate, the period of inactive status must be limited in the same way for all projects being compared. The outside limit on inactive status is 90 days in DOL's definition of participant for JASR and JQSR reporting purposes.

Equity

If performance standards are calculated for purposes of monitoring program performance, there are additional issues to consider. Chief among these is the issues of equity. Equity concerns the applicability of the standards to all projects despite their varying idiosyncrasies.

Data Base for Performance Standards

Another issue is the availability of data for an analysis that will lead to the establishment of appropriate standards. Title III programs do not have a lengthy history nor do most States operate programs large enough to generate enough data to support the statistical tests needed to validate a model for predicting program performance.

Comparing actual performance to planned performance also is problematic when there is no basis for assessing the plan.

Until DOL completes its current research, States may set performance standards on the basis of the regression model constructed for Title IIA programs or rely on their experience as an indicator of acceptable performance.

Outcomes Analysis

An outcomes analysis is concerned with the understanding of how outcomes are achieved. This usually involves examining how service delivery is implemented. The purpose of an outcomes analysis usually is to identify program operational features that impede the achievement of acceptable outcomes. For this reason, it is not a mandatory requirement for State monitoring systems and is sometimes regarded in the context of technical assistance needs assessment.

An outcomes analysis begins with a review of program operations, participant characteristics, important environmental factors and a description of the components that comprise each major service track. A service track is a series of activities and services that comprise a primary reemployment strategy. From this program review, specific objectives of each program component can be ascertained. These objectives can be related to one or more of the desired outcomes.

Data for this type of analysis is usually derived from participant records and staff interviews. The analysis looks for a fit between the program, participant needs and aspirations and the labor market. It also looks for components whose objectives are unrelated to program outcomes or components that are not achieving their objectives.

This discussion is a gross simplification of an outcome analysis. There are a number of instruments designed to produce an outcomes analysis that better detail the complexities involved. They number 60 to 120 pages in length and fit some circumstances better than others. The JTPA Program Analysis Guide* is one such instrument in use in several States. Others can be identified through the National Governors' Association.

MIS

Much of the monitoring discussed here depends greatly on the State's management information system (MIS). A well structured MIS is a fundamental management tool that also can be the subject of an entire TAG. We discuss it here in terms of the unusual demands imposed by Title III programs on an MIS that probably was developed originally for Title IIA programs. For instance, to structure a useful MIS for Title III programs, States must define what constitutes a "program." In the case of an active diffusion management approach, the States may define all activity supported by the diffusion of funds as the "program" and evaluate it in its entirety. The obvious drawback to this strategy is that it results in an average performance that is a combination of diverse and varied performances of separate local offices. Conversely, activities of a local office may be too limited to provide sufficient

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*A. Lee Bruno. JTPA Program Analysis Guide. CSR, Inc. July 1985.

data to support an assessment of performance at that level. This example demonstrates the implications that the definitions of program have on how the MIS will be structured, the nature of the subsequent reports from the MIS and the monitoring process.

It is suggested that States aggregate data on the smallest meaningful unit of management representative of the program design. Except in the case of a diffusion funding arrangement, this is a simple matter of defining the program either in terms of an SDA's Title III activities or in terms of a specific project or service center.

The rule of thumb here is that each unit of the program should be defined so that its data can provide a basis for analyzing causes of poor performance. Clearly, if the "program" is loosely defined as all Title III activities in the State, pinpointing the cause of low enrollment levels, for instance, will be obscured by the averaging of a number of varied operations. Subsequent desk reviews will be of little value to State managers.

The State MIS must also be able to systemize the data collection process quickly for short term Title III projects. This means that an automated MIS must be able to expand to accommodate ever changing numbers of projects. Nor can the MIS depend upon computers located at the project level. For short term projects, investments of this magnitude are not cost effective.

The MIS must also be able to accommodate a greater range of participant characteristics data for Title III than for Title IIA. For example, some Title III projects will be set up to serve different plant specific groups. The MIS must record characteristics data that identifies dislocated workers in each group.

To summarize, a major distinction between a Title IIA MIS and a Title III MIS is that the Title III MIS will have greater demands for data placed on it and these demands will change more frequently. Its importance to a monitoring system is just as great, but the financial and time resources may be less because of the short term nature of many Title III projects.

Tips on Implementing a Monitoring System

The three types of monitoring activities usually are integrated to facilitate an efficient information retrieval process. This section offers some tips on structuring and implementing a monitoring process that best extends the State's grant management capability.

In order to carry out a grant monitoring system that allows the State to retain significant control of program implementation and quality, explicit grant Statements of Work and State guidelines are clearly essential. The State monitors' first steps will be to review both of these, as well as the budget, schedule, and any interim reports,

prior to performing a site visit. Both desk reviews and onsite monitoring for compliance with State and Federal Title III policies and procedures may also provide formal references to laws, regulations or policy guidelines that are the sources of requirements. Appendix B of this guide contains a draft model compliance review guide under consideration by the State of Minnesota Title III program.

Timing of Monitoring

The timing of monitoring visits is another important consideration. Even States that have chosen to be quite inactive in the management of the Title III grant are finding that there is a danger in waiting until the end of a program year to get an accurate reading of dislocated worker program activity and expenditure levels. Therefore, they often implement the most common element of State monitoring systems: quarterly or monthly comparisons of plans versus performance for participant enrollment and terminations and expenditures for each subgrantee.

Likewise, States that are concerned about program outcomes will not wait until the third quarter to conduct an analysis of outcomes to determine technical assistance needs. Although an outcomes analysis implies that outcomes must be apparent before the analysis occurs, it is possible in the case of short term projects to take short cuts. This is done by basing the analysis on the accomplishment of interim objectives that are associated with the planned outcomes.

These include objectives such as completion rates, supportive service needs met, etc. Monitoring activities will vary as a function of the maturation level of the project being monitored. The earliest project monitoring will begin with three basic questions.

- Does the project adhere to formal State policies and procedures?
- Are State and Federal regulations being followed?
- Are operations in compliance with the grant/contract?

In the course of this review, informal technical assistance may be provided by the monitor. This should be followed up with a letter, reviewing compliance issues which were identified during the visit. For instance, the monitor may point out to the operator the need to consistently record for each applicant all data needed for eligibility determination. Then upon return to the state monitoring unit the monitor may send to the program operator a list of the minimum common data elements that must be gathered and maintained for eligibility determination and audits. During a follow-up monitoring visit, perhaps at the close of 90 days of operation, the monitor will include a review of how the operator has or has not resolved earlier compliance deficiencies.

The monitor may expand the range of on-site activities to include discussions with staff directly involved in service delivery, with participants, and with union or PIC representatives, at that time.

This follow-up review results in a documentation of not only the three basic areas of compliance, but also of the assessment of perceptions of key staff, participants and others concerning the potential influences of operating procedures upon equity of services and cost effectiveness and project outcomes. A monitor's findings of fact and interpretations may lead to a somewhat more formal technical assistance plan at this point. Moreover, some States may inform the operator at this point that continuation of certain practices will lead to State demands for an explicit corrective action plan. By the close of two quarters of operation, active monitoring units may turn to the use of a specific corrective action accord with the operator if deficiencies remain. Moreover, the agreement for corrective action triggers a much more frequent and rigorous monitoring schedule, and the development of a contingency plan to curtail or reprogram funds originally allocated to the operator.

Of course, the identification of key areas of operator noncompliance triggers a much earlier resort to the corrective action approach. Direct threats to the fiscal integrity of the project, or to basic compliance with civil rights or safety codes, for instance, may move the State manager directly to the corrective action requirement.

Emphasis shifts from compliance monitoring to performance monitoring and outcomes analysis as the project matures. By the conclusion of the second quarter, performance in terms of enrollment levels, expenditures, and outcomes are being monitored. This is usually a matter of a desk review. Where there are serious variations from plan, an outcomes analysis is conducted. If there are no serious variations from plan, the outcomes analysis can be delayed until the end of the third quarter. Since short term projects -- including one year projects -- typically operate 15 to 18 months. This provides opportunity for weak service delivery elements to be identified and corrected.

Among the functions of the model Title III monitoring unit are the periodic identification of subgrantee needs for technical assistance, and of the monitor's determinations concerning the need for corrective action plans. The most active monitoring systems call for early project review (e.g., 30 days) and subsequent rereview (e.g., quarterly) to identify technical assistance needs. Indeed, some see the technical assistance functions of monitors as necessary to forestall the need for later corrective action.

Regardless of the subject of a corrective action plan, the plan should include:

1. Specific corrective actions required, tied to each finding of deficiency;

2. A schedule giving completion dates for the full list of required corrective actions;

3. A disclosure of the options which the State may pursue if the plan is not carried out adequately; and

4. The agreement of the operator or subgrantee to implement the plan.

Exhibits 6-1 and 6-2 that follow indicate typical functions and procedures for the Title III Monitoring Unit for an actively managed, project-based State dislocated worker program. Most of these functions and procedures require only minor modification for use in reviewing State-designed projects, active diffusion office activities, or SDA Title III formula-funded programs.

Exhibit 6-1

MODEL
TITLE III MONITORING UNIT FUNCTIONS

Functions

A. Collecting and reviewing information on program and financial administration and operations.

1. Pre-award survey

   a. Conduct systems and policy review
   b. Implement checklist
   c. Exit interview
   d. Issue recommendations and report.

2. Orientation review or 30 day review

   a. Contract review
   b. Regulation review
   c. State program policy and procedures review
   d. Technical assistance needs identified.

3. Monthly program and fiscal review (Desk audit)

   a. Quantitive data review
   b. Financial status
   c. Narrative review.

4. Quarterly on-site review

   a. Compliance review
   b. Interviews
   c. General observations
   d. Technical assistance identified.

5. Semi-annual State Program Oversite reports

   a. Analysis of plan versus actual program and financial data
   b. Transmit information to Program Manager and/or SJTCC
   c. Determine corrective action required
   d. Summarize general recommendations
   e. Submit follow-up plan.

B. Preparation of all monitoring reports: the activities associated with the report preparation include:

1. Analysis of data collection.
2. Identification and documentation of findings, including descriptive information concerning problem areas and accomplishments.
3. Development of recommendations for corrective action.
4. Designated time and type of follow-up action.

C. Maintenance of records:

The Title III Unit may maintain a filing system that allows easy access to copies of the Subgrantee Statement of Work, contract, monthly narrative reports, financial reports, monitoring reports and other miscellaneous correspondence which the official subgrant file (which is usually in a separate unit) contains.

Exhibit 6-2 is an example of a monitoring schedule that integrates all three types of monitoring activities. A monitoring schedule is important if the monitoring activities are to provide the desired management controls. Monitoring is an activity that is too easily derailed otherwise. A schedule provides the structure that assures that monitoring maintains the necessary priority among State grant manangement processes.

Exhibit 6-2

MONITORING SCHEDULE

A. Monitoring Activities to be conducted

ACTIVITY	TIMEFRAME
1. Pre-award Survey	
Arrange for entrance interview and send follow-up letter and pre-award survey	2 weeks prior to visit
Prepare for on-site pre-award survey	1 week prior to visit
Conduct pre-award survey	30 days prior to plan approval or contract
Exit interview - note major findings	Last day of on-site visit
Follow-up on pre-award survey - Complete checklist - Write narrative report consisting of general observations - Write cover memorandum reiterating major areas of differences	Within 10 working days of on-site review
Recommend technical assistance	On-going
2. Orientation	
Make arrangement for on-site orientation	When contract has been signed by Subgrantee
Prepare for on-site orientation	
Conduct on-site orientation for Subgrantees	Within 30 days of project start-up
Follow-up orientation visit -Report on findings -Letter to subgrantee w/copy of report -Respond to technical assistance requests	 10 days after visit 10 days after visit

ACTIVITY	TIMEFRAME
3. Monthly Desk Review	
Review monthly invoices	On-going
Review & route monthly narrative reports	
Corrective action if necessary	
4. Quarterly On-Site Visit	
Make arrangements for on-site quarterly review	Within 2 weeks of expected on-site visit
Prepare for quarterly on-site review	
Conduct quarterly on-site monitoring	Approximately 45 days after project start-up
Follow-up on quarterly review	
- Report on findings	10 days after visit
- Letter to SDA or subgrantee w/copy of report to Monitoring Unit Supervisor	10 days after visit
- Respond to technical assistance requests	ASAP
- Develop plan of action on recommendations/correction action and timetable for completion	As needed
5. Semi-Annual SJTCC and/or State Program Oversite Reports	
Prepare narrative report of plan versus actual program and financial data by Subgrantee	At the 5th & 11th month of fiscal year
Write general observations of Subgrantee's progress and/or deficiencies	At the 5th & 11th month of fiscal year
Transmit reports to Program Manager for review and placement on SJTCC agenda, as appropriate	Two weeks prior to the 6th & 12th month SJTCC meeting

	ACTIVITY	TIMEFRAME
	Implement follow-up action recommended by Program Manager and/or SJTCC	After semi-annual & annual Council meetings
B.	An updated quarterly schedule of monitoring activities will be kept by the Monitoring Unit Supervisor. This schedule will reflect a three month monitoring period and be distributed to the Assistant Program Manager.	Quarterly
C.	Procedures for circulating and filing all monitoring visits are attached.	

APPENDIX A

SELECTED ELEMENTS
OF
JTPA TITLE III
DISLOCATED WORKERS
GRANT APPLICATION MATERIALS
STATE OF MINNESOTA
DEPARTMENT OF ECONOMIC SECURITY
DRAFT 1985

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I. APPLICATION INFORMATION

A. GENERAL INFORMATION

This Request for Proposal (RFP) is designed to assist interested parties in responding to the Grant Solicitation. The entire issuance should be reviewed to obtain a complete overview of the requirements.

This Grant Solicitation does not commit the State of Minnesota or the Department of Economic Security to award a contract or grant or to reimburse for any cost incurred by successful bidders in the preparation of the proposal.

The Department of Economic Security will provide limited assistance to interested bidders involved in the preparation of the proposal. Assistance will be limited to clarifying directions, or responding to questions regarding Department of Economic Security guidelines and policies. Verbal instructions or explanations are not binding on the State or the Department.

The Department of Economic Security reserves the right to solicit additional proposals should proposals received through this solicitation not fully utilize existing sources or not meet the criteria established by the Department.

All applicants must complete the full grant package including all required attachments and assurances in order to be considered for funding. Incomplete proposals will be rejected.

The awarding of a contract to successful bidders is contingent upon satisfactory negotiations of a contract.

B. AUTHORITY AND PURPOSE

The State Job Training Office (SJTO) is soliciting proposals for operation of dislocated worker programs authorized under Title III of the Job Training Partnership Act (JTPA). JTPA is funded by the U.S. Department of Labor, administered by the State through the Governor and operated locally by designated Service Delivery Areas, or approved contractors.

C. ELIGIBILITY REQUIREMENTS

Eligible applicants are organizations which have adequate administrative control and personnel to implement the goals and objectives of the project and conditions of the contract. This includes service delivery areas, public agencies, or incorporated private nonprofit and for profit organizations.

D. SUBCONTRACTING

If a proposal requires partial subcontracting of any part of the project's objectives, the objectives to be subcontracted must be shown separately. All subcontracts require SJTO approval prior to formalizing the subcontract.

E. FISCAL AND ADMINISTRATIVE CAPABILITIES

Grantee is required to comply with Department of Economic Security (DES) financial management and invoicing procedures including the following:

1) Complete Fiscal and Administrative Capability Checklist (Blue Attachment). (Non SDAs only)

2) Submit all documentation required by this RFP.

F. GENERAL ASSURANCES AND CERTIFICATIONS

Grantees are required to comply with all general assurances and certifications required by applicable rules and regulations of the Job Training Partnership Act and those of the State of Minnesota. In addition, grantees are required to comply with any special requirements prescribed by the grant document.

G. GRANT APPLICATION AND SUBMITTAL PROCEDURE

Applicants desiring funding consideration must complete the Application Form and submit five (5) signed copies to:

Mr. Ed Retka, Program Management Unit
State Job Training Office
690 American Center Building
150 East Kellogg Boulevard
St. Paul, Minnesota 55101

Fully completed application forms must be received in the State Job Training Office (SJTO) by 4:30 p.m. on the date specified in the Request for Proposal (RFP). In addition, grant applicants must submit copies of the grant application to the Private Industry Council (PIC) and appropriate chief elected official(s) in the service delivery area(s) where the proposed program would operate. To facilitate this notification, respondents to this RFP should advise the SDA, Private Industry Council and Chief Elected Official of the intent to submit a proposal by April 15, 1985. This 30-day review period is prescribed by Sec. 305 of the JTPA. Such reviewing authorities must be instructed to forward any comments and recommendations to SJTO at the address listed above.

PROPOSALS WILL NOT BE CONSIDERED IF THEY ARE NOT RECEIVED IN ACCORDANCE WITH THE CONDITIONS OUTLINED IN THIS SOLICITATION. ADDITONAL INFORMATION RELATED TO THE PROPOSAL WILL BE CONSIDERED ONLY IF REQUIRED BY THE DEPARTMENT.

H. EVALUATION CRITERIA

The following selection criteria and weights will be used to select proposals for dislocated worker projects that will be awarded funding.

Criteria

1. The severity of need as described in the proposal. The proposal must document the need. Elements of the discussion are: local unemployment rates or appropriate recognized measures; description of local economy; the impact of the closure on the workers and the community; the lack of financial and other resources to assist these workers. (30%)

2. Identification of workers to be served. The proposal must clearly identify the target group of dislocated workers based on the definition of a dislocated worker in JTPA Title III and State Policy. Within this group the proposer must identify those dislocated worers who will be hardest to serve. Describe the methodology used to identify the hardest to serve. (20%)

3. The creativity, practicality, and probable effectiveness of the program as evidenced by the plan to implement the required components designed to help the targeted individuals in obtaining unsubsidized employment. The proposal must include measures for evaluating effectiveness. (20%)

4. Budget, performance and cost. Data on cost per participant and per placement in unsubsidized employment must reflect an effective and efficient utilization of funds. Performance measures should be clearly stated as outcomes. Adequacy of fiscal and management capabilities to administer the proposed program based on Fiscal Administrative Capabilities Check List (Blue Attachment) and/or past performance. (15%)

5. Plans for coordination with appropriate agencies, local elected officials, PICs or private employers, labor organizations and linkages with other employment related programs. Utilization of a community task force with appropriate representation. Concurrence of labor, PICs and chief elected officials are requirements of Title III. (15%)

Timetable

1. RFP published April 4, 1985.

2. Proposals must be received by the State Job Training Office by Friday, May 10, 1985, 4:30 p.m.

3. Staff review - week of May 13, 1985.

4. Dislocated Worker/Economic Development Committee review and recommendation, May, 1985.

5. Approval of funding recommendations by the Governor's Job Training Council meeting on May 24, 1985.

6. Implementation date of projects July 1, 1985, subject to availability of funds.

II. PROGRAM REQUIREMENTS

A. PURPOSE

Funds available under this grant shall be used to provide training, retraining, job search assistance, placement, relocation assistance and other aid to clearly defined target groups of eligible dislocated workers. Sec. 302 of JTPA defines dislocated workers as those individuals who:

"1. have been terminated or laid-off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

2. have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or

3. are long-term unemployed and have limited opportunities for employment or reemployment in the same or similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age."

Appendix I contains the State Policy relating to the definition and eligiblity clarification of a dislocated worker. The policy on targeting of the hard to serve clients is also included. This policy is subject to final ratification by the Governor's Council on April 26, 1985.

B. ALLOWABLE ACTIVITIES

The Job Training Partnership Act lists the allowable activities that can be carried out under Title III:

1. Job search assistance including job clubs.

2. Job development.

3. Training in job skills for which demand exceeds supply.

4. Supportive services, such as commuting assistance and financial and personal counseling, child care.

5. Pre-layoff assistance.

6. Relocation assistance.

7. Programs conducted in cooperation with employers and/or labor organizations to provide early intervention in the event of closures of plants or facilities.

C. COMMUNITY COORDINATION

The programs funded by the State Job Training Office will, where feasible, utilize a local community task force with representation from, but not limited to, the private sector, organized labor, local government, education, Job Service, Private Industry Council, social service providers,

community-based organizations, minority and special needs groups. Cooperation and coordination will describe the contribution of each agency toward the provision of a comprehensive program of services.

The community task force's role should be to assist in the identification of community need, planning of the program needed to address the community needs; to facilitate in involving and informing community of the program; and providing overall project oversight and bringing a community focus to the project.

Appendix II provides the State Policy relating to Guidelines on Union Participation. This policy is subject to final ratification by the Governor's Council on April 26, 1985.

D. FUNDING

The State Job Training Office is making up to $425,000 available to fund a number of dislocated worker projects that target a clearly identified group of dislocated workers.

Funds expended under JTPA shall be charged against the following cost categories and limitations:

1. Training - minimum of 70 percent of proposed budget.
2. Administration - maximum of 15 percent of proposed budget.
3. Participant Support - maximum of 15 percent of proposed budget.

Examples of Training Costs are: training materials and equipment, books, classroom space, tuition, job-related counseling, on-the-job listings and salaries of training personnel. Examples of administration are all direct and indirect costs associated with the supervision and management of the program. Participant support services include costs for transportation, health care, child care, meals, temporary shelter, and other reasonable expenses required for participation in the training program. Appendix III provides the State Policy relating to allowable costs.

E. MATCHING FUNDS

Grantees will be required to match an amount equal to the grant from non-Federal sources. Matching represents that part of program costs not borne by Federal funds. Such match contributions may be either cash or in-kind. In-kind contributions may be in the form of charges for real property and non-expendable personal property and value of goods and services which directly benefit and are specifically identifiable to the program. Such match contributions must be documented and will be subject to audit.

For further clarification of matching requirements, please review Appendix IV in this section. The methodology, allowability and appropriateness of matching requirements are detailed in that document.

F. PERFORMANCE STANDARDS

The Job Training Partnership Act sets forth minimal performance standards for Dislocated Worker projects. The following performance standards have been adopted for the dislocated worker program and must be incorporated into all grantee programs:

1. The number of unsubsidized job placements - 60% minimum.

2. Average starting wage - $5.00.

G. MANAGEMENT INFORMATION SYSTEM (MIS) AND ELIGIBILITY DETERMINATION

The proposer will be responsible to determine eligibility in accordance to JTPA and the State Policies.

All projects must assure that an approved management information system (MIS) will be utilized to track client data and to collect data to be used for reporting purposes. The desired method is to utilize the MIS system in place with the SDA Administrative Entity where the services will be provided. It will be necessary for proposers to contact their local SDA to make such financial or non-financial arrangements.

An alternate method would be to purchase this service from the State Job Training Office.

Inability to comply with these requirements will result in the termination of consideration for funding of the project.

Purpose: To clarify the definition of a dislocated worker under Section 302(a) of JTPA.

*Policy: To qualify as a dislocated worker under Title III, a person must meet one of the following definitions.

A. Section 302(a)(1) states that to be eligible, a person must have been terminated or laid off or have received a notice of termination or layoff from employment, be eligible for or have exhausted their U.I. benefits and are unlikely to return to their previous industry or occupation.

Clarification: A person is terminated through no fault of his/her own. The proof of termination or layoff from employment rests with the applicant. The determination of the unlikely to return will be made by the certifying agency based upon the most current labor market information. The occupation is the primary occupation of the applicant as determined by the applicant. Before a person can be considered a dislocated worker he/she must have worked at least 12 months in his/her primary occupation. These need not be consecutive months.

B. Section 302(a)(2) states that to be eligible, persons must have been terminated, or have received a notice of termination of employment as a result of any permanent closure of a plant or facility.

Clarification: Any individual who meets the requirement of Section 302(a)(2) will automatically be considered a dislocated worker regardless of duration or type of employment.
"Permanent closure of a plant or facility" may also be interpreted as a permanent closure of a section or division of a plant or facility.

C. Section 302(a)(3) requires that persons "are long term unemployed and have limited opportunities for employment or reemployment in the same or similar occupation in the area in which such individuals reside.

Clarification: To be considered a dislocated worker under Section 302(a)(3), a person must have been unemployed 15 weeks or more and have limited opportunties for employment or reemployment in his/her primary or similar occupation in the area in which the person resides. Occupational and personal barriers should be considered when determining eligibility under this section. Before a person can be determined a dislocated worker under Section 302(a)(3), he/she must have worked at least 12 months in his/her primary occupation, except when Section D of the memo applies. These need not be consecutive months.

D. An applicant, with rights to retraining by seniority recall, need not be employed in his/her primary occupation for the 12 month period. The applicant must provide written verification of his/her recall rights either from the employer or the collective bargaining agent.

E. A dislocated family farmer is a person engaged in farming who, through foreclosure or bankruptcy, is forced out of that occupation with little or not chance to return to that occupation.

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Clarification: The proof of termination will be evidenced by foreclosure statements or notices, bankruptcy notice, or letters from banks or lending agencies refusing credit to provide operating funds to allow continued operation. The definition is intended to include only family farmers who own and operate and derive their primary income from farming.

F. Interim Employment. Persons determined to be eligible as described in A through E above may accept interim or non-career employment prior to enrollment or while enrolled in a Title III funded program if the following conditions exist:

1. The job is an entry level, unskilled or semi-skilled position with little or no opportunity for advancement;
2. The job is documented as a temporary part-time, or less than fulltime (40 hours); or
3. The job market for learned skills pays less than 70% of the applicant's past earning ability; or
4. The earnings do not exceed the higher of:
   a) the minimum wage, or
   b) 70% of the individual's previous wage.

All individuals must meet the income condition and one of the other three conditions listed above.

Clarification: Interim employment allows individuals who have exhausted their U.I. benefits or who are not eligible for U.I. benefits to participate or to continue participation in a formal Title III program while providing a means of existence for themselves and their families.

*Subject to Final Ratification by the Governor's Council on April 26, 1985.

*SUBJECT: Targeting the hardest to serve

Background: Previous policy established by the Dislocated Worker Committee calls for the targeting of services to substantial and concentrated numbers of dislocated workers. A specific plant closure is an example of such targeting. However, concern has been raised as to whether "creaming" is occurring.

Policy: To assure that services are equitably provided, proposers must identify specifically those individuals, within a targeted group such a specific plant closure, who will be the most difficult to serve from among that group and to detail the reasons for such identification. Proposers must include within their project summary services targeted to those identified as hardest to serve. Include the numbers of individuals by service and the cost associated with each activity.

Clarification: Examples of targeted groups of hard to serve:

1) older workers - age a specific barrier
2) single heads of household - family responsibilities will make it more difficult to place
3) workers lacking a high school diploma or educational equivalency - GED
4) workers with minimal occupations skills - they may be grouped as unskilled
5) workers with obsolete skills
6) workers where race, sex or disability is a barrier to employment
7) combinations of the above factors.

Those who are identified as the hardest to serve may vary from project to project. In one plant closure, there may be a significant older population. In that case, services should be provided that will address the special needs of the older worker.

February 27, 1985

*Subject to Final Ratification by the Governor's Council on April 26, 1985.

*GUIDELINES ON UNION CONSULTATION

The JTPA (Sec. 306) states:

> Any assistance program conducted with funds made available under this title which will provide services to a substantial number of members of a labor organization shall be established only after full consultation with such labor organizations.

In order to conform to this provision of JTPA, consultation shall be defined as active participation in the design, planning, development and implementation of dislocated worker programs.

As an initial step to respond to the needs of a particular group of dislocated workers, a community task force shall be established. The task force shall consist of full and equal representation from the labor group(s) representing the dislocated workers as well as other sectors of the affected community (education, business, service agencies, local elected officials).

Prior to any planning, the task force shall assess the needs, profile and skills of the dislocated worker population. This survey information shall be used to define needed services and develop a comprehensive plan. Based upon the profile, it may be necessary to target that segment of the workforce which requires greater services before becoming employable.

Consultation shall also include a full review of any potential vendor's proposal before selection.

If a proposed Title III program seeks to serve only workers affected by a particular plant closing, and that plant is unionized, the program shall have the full cooperation, participation and approval of the labor organizations at the plant. All unions in the affected plant shall be considered as interested parties.

Addendum: The dislocated worker community task force has an ongoing interest in and concern for the quality of service being delivered to the affected dislocated worker population.

February 27, 1985

*Subject to Final Ratification by the Governor's Council on April 26, 1985.

MATCHING FUND REQUIREMENTS FOR JOB TRAINING PARTNERSHIP ACT, TITLE III DISLOCATEED WORKER PROGRAMS

The Job Training Partnerhsip Act of 1983 requires that matching funds from non-Federal sources, either public or private, be provided. Specifically, Section 304 states that a project "will expend for purposes of services assisted under this title, an amount from public or private non-Federal sources equal to the amount made available....under this section."

The matching requirement for the Dislocated Worker Program can be satisfied with funds provided by any of the following sources:

1. Funds expended from a State fund to provide unemployment insurance benefits to an eligible individual for purposes of this title and who is enrolled in a program of training or retraining under this title may be credited for up to 50 percent of the funds required to be expended from non-Federal sources as required by Section 304.

2. Public education funding from any State or local source. Examples include foundation aid, state vocational aid, state special education aid, community college state funds, and state adult basic and continuing education funds.

3. Other public funding from non-Federal sources which are legally used for the type of program being offered. Examples include state vocational rehabilitation funds, Minnesota Emergency Employment Act funds, and state Dislocated Homemaker Program funds.

4. Private funding, such as from employers, foundations or organizations.

5. Income generated under any program supported by JTPA funds. (Refer to JTPA regulations 629.32.)

The matching requirement can be satisfied by a cash contribution or by non-Federal contributions of equipment, services or supplies that directly benefit the goals and objectives of the program. Any agency or institution that receives Title III grant from the state is responsible for maintaining auditable records for the Matching Funds. (See Attachment A - CMB Circular A-102, Matching Share.)

All applicants for JTPA - Title III funds will be required to include the following information regarding matching funds in their proposal:

1. Identify all sources of matching funds that will be contributed to the program. Contributors will certify in writing the amount and type of match to be contributed to the project.

2. List the total amount of matching funds from each source identified above.

3. Describe the methodology that will be utilized to document the Matching Funds from each source.

4. Describe how the Matching Funds will be utilized to directly benefit the goals and objectives of the program.

The above information will be used to determine the allowability and appropriateness of the matching contributions as prescribed in the attached OMB Circular A-102. This information will also be incorporated into financial agreements for all projects selected for funding.

cah

OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-102

MATCHING SHARE

This Attachment sets forth criteria and procedures for the allowability of cash and in-kind contributions made by grantees, subgrantees or third parties in satisfying cost sharing and matching requirements of Federal grantor agencies. The following definitions apply for the purpose of this Attachment:

(a) Project costs. Project costs are all allowable costs as set forth in Federal Management Circular No. 74-4 incurred by a grantee and the value of the in-kind contribution made by the grantee or third parties in accomplishing the objectives of the grant during the project or program period.

(b) Cost sharing and matching. In general, cost sharing and matching represents that portion of project costs not borne by the Federal Government. Usually, a minimum percentage for matching share is prescribed by program legislation and matching share requirements are included in the grant agreements.

(c) Cash contributions. Cash contributions represent the grantee's cash outlay, including the outlay of money contributed to the grantee by other public agencies and institutions, and private organizations and individuals. When authorized by Federal legislation, Federal funds received from other grants may be considered as grantees' cash contributions.

(d) In-kind contributions. In-kind contributions represent the value of noncash contributions provided by the grantee, and non-Federal parties. Only when authorized by Federal legislation may property purchased with Federal funds be considered as the grantee's in-kind contributions. In-kind contributions may be in the form of charges for real property and nonexpendable personal property and the value of goods and services directly benefiting and specifically identifiable to the project or program.

General guidelines for computing cost sharing or matching are as follows:

(a) Cost sharing or matching share may consist of:

(1) Charges incurred by the grantee as project costs. (Not all charges require cash outlays during the grant period by the grantee; examples are depreciation and use charges for buildings and equipment.)

(2) Project costs financed with cash contributed or donated to the grantee by other non-federal public agencies and institutions, and private organizations and individuals.

(3) Project costs represented by services and real or personal property, or use thereof, donated by other public agencies and institutions, and private organizations and individuals.

(b) All contributions, both cash and in-kind shall be accepted as part of the grantee's matching share when such contributions meet all of the following criteria:

(1) Are verifiable from the grantee's records;

(2) Are not included as contributions for any other federally-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under FMC 74-4;

(5) Are not paid by the Federal Government under another assistance agreement unless authorized under the other agreement and the laws and regulations it is subject to;

(6) Are provided for in the approved budget when required by the Federal agency; and

(7) Conform to other provisions of this Attachment.

Values for grantee in-kind contributions will be established at the grantee's actual cost in accordance with FMC 74-4.

Specific procedures for the grantees in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

(a) Valuation of volunteer services. Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteered service may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(1) Rates for volunteer services. Rates for volunteers should be consistent with those paid for similar work in other activities of the State or local government. In those instances in which the required skills are not found in the grantee organization, rates should be consistent with those paid for similar work in the labor market in which the grantee competes for the kind of services involved.

(2) Volunteers employed by other organizations. When an employer other than the grantee furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead cost) provided these services are in the same skill for which the employee is normally paid.

(b) Valuation of donated expendable personal property. Donated expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Values assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the fair market value of the property at the time of the donation.

(c) Valuation of donated nonexpendable personal property, buildings and land or use thereof.

(1) The method used for charging matching share for donated nonexpendable personal property, buildings, and land may differ depending upon the purpose of the grant as follows:

(a) If the purpose of the grant is to furnish equipment, buildings, or land to the grantee or otherwise provided a facility the total value of the donated property may be claimed as a matching rate.

(b) If the purpose of the grant is to support activities that require the use of equipment, buildings, or land on a temporary or part-time basis, depreciation of use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be made provided that the grantor agency has approved the charges.

(2) The value of donated property will be determined in accordance with the usual accounting policies of the grantee with the following qualifications:

(a) Land and buildings. The value of donated land and buildings may not exceed its fair market value, at the time of donation to the grantee as established by an independent appraiser (e.g., certified real property appraiser of GSA representatives and certified by a responsible official of the grantee.

(b) Nonexpendable personal property. The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

(c) Use of space. The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

(d) Loaned equipment. The value of loaned equipment shall not exceed its fair rental value.

The following requirements pertain to the grantee's supporting records for in-kind contributions from non-Federal third parties.

(a) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the grantee for its employees.

(b) The basis for determining the valuation for personal services, materials, equipment, buildings, and land must be documented.

III. A. APPLICATION SUMMARY

STATE OF MINNESOTA
Application for JTPA Title III Funds

For Office Use Only
Number:
Received:

State of Minnesota
Department of Economic Security
State Job Training Office
690 American Center Building
150 East Kellogg Boulevard
St. Paul, Minnesota 55101

1. _____
Applicant Name

_____
Address

_____
City/State/Zip Code

_____
Contact Person/Phone Number

2. Descriptive name of project: _____

3. Project beginning date: _____

4. Project ending date: _____

5. Total funds requested: _____

6. Source of Matching funds to be provided:
_____
_____
_____

7. Kind of match and amount:
_____
_____
_____

8. Brief description of project including services, population to be served, geographic scope and a list of other agencies involved in planning, management and/or delivery of services of this program:

_____

_____

_____

_____

_____

_____

7. Application is made for a grant number under the Job Training Partnership Act (P.L. 97-300) in the amount and for the purposes stated herein.

_____
Name of authorized official

_____
Title

_____
Signature

_____
Date

III. B. STATEMENT OF CONCURRENCE

Pursuant to the Job Training Partnership Act, sections 302 and 305, any program conducted with Title III funds must have prior consultations and support of the Private Industry Council, Chief Elected Officials, and the appropriate labor organization(s).

The proposed project will have a positive impact on the employment of dislocated workers in this SDA. I have reviewed the proposal and support it.

Approved for the Private Industry Council

Name (type or print)_____ Title_____

Signature_____ Date_____

Approved for the Chief Elected Official(s)

Name (type or print)_____ Title_____

Signature_____ Date_____

Approved for the Appropriate Labor Organization(s)

Name (type or print)_____ Title_____

Signature_____ Date_____

Note: If the proposal covers multi-SDA areas, a separate Statement of Concurrence will be needed for each SDA area.

III. C. PROGRAM NARRATIVE INSTRUCTIONS

1. Statement of Needs:

The statement should describe the need for funding the proposal and how the need was determined. The description characterizes the economic, demographic and industrial composition of the area. Official unemployment rates for the area, occupations(s) or industry affected should be provided. An estimate of the number of eligible individuals who would participate should be included. (It should be noted that all unemployed individuals are not necessarily eligible individuals.) Explain why the need cannot be met by existing community resources.

2. Identification of Individuals to be Served:

It is important to have a thorough knowledge of the target group you intend to serve. Demographic data such as sex, age, head of household status, educational attainment and skills will be helpful in developing an appropriate program of services and support for the particular group that is being targeted. (Refer to Appendix I relating to eligibility and targeting of hard to serve.)

3. Planning:

Describe the planning process used in developing the proposed program for dislocated workers. Provide a list of organizations to be represented on the community task force and what the role and function of the task force will be. Include efforts to coordinate planning and program activities within the community. If community task force is not used, please explain why not.

4. Project Summary:

Please provide a summary of the services which your project will provide. Cover only the period provided for in this application. Describe major features of your project, stating what will be done and who will do it.

For this Request for Proposal, each proposal must provide the following:

a. Description of all training activities and supportive services to be provided to dislocated workers for this project.

b. A description of job search assistance, counseling, job development and placement services and how these services will be coordinated with training activities.

c. The number of eligible participants to be served in each activity.

d. The costs associated with each of these activities.

e. If training is to be part of the program to be offered, please list those occupations for which training will be offered. Identify non-traditional training opportunities to be offered.

f. Indicate that these occupational areas will provide a reasonable opportunity for job placement. Labor market information centers, labor unions, and employer aassociations are resources to help identify these areas.

5. Projected Results:

Describe the projected results expected from each of the activities to be conducted, including the estimated number of participants to be placed in unsubsidized employment, the cost per placement, and the planned placement rate.

6. Participant Plan:

The Participant Plan describes the flow of participants through the program: the number entering, those leaving (including the reasons for their departure) and those remaining in the project. The plan is cumulative. Each quarter's total participants must include all participants from previous quarter. Each proposer must complete the Participant Plan table. This will be Addendum #1.

7. Eligibility Determination:

Eligibility determination in accordance with JTPA and State policies will be the responsibility of the proposer. Describe the procedures to be used to determine eligibility and describe the system to be used to collect and maintain client data necessary to fulfill reporting requirements.

8. Linkages:

Describe planned linkages with other agencies or organizations such as SDAs, Job Service, Vocational Rehabilitation and Education facilities to maximize existing or available resources and service and to avoid duplication of services.

9. Reporting:

Proposer will agree to provide the following reports:

a. Monthly narrative due 10th of month following activity
b. Monthly Financial Report and Invoice
c. Quarterly Statistical Reports - due by 30th of month following end of quarter
d. Final Report in format prescribed by SJTO - due with final invoice
e. Other reports as required.

10. Budget:

a. Complete major category budget below, breaking out projected expenditures on a quarterly basis. Category totals must equal those of the Line Item Budget Summary on the following page.

	Start-up Qtr	2nd Qtr	3rd Qtr	4th Qtr	TOTAL
Administration (15% Max.)					
Supportive Services (15% Max.)					
Training (70% Minimum)					
Total		86			

b. Complete Line Item Budget Summary on the following page. Itemize how requested funds will be budgeted by major cost categories and itemized within each cost category. Purchase of furniture and equipment will not be allowed. If special equipment is needed, rental of that equipment will be considered.

11. Matching Funds:

Proposers are required to provide matching funds from non-Federal sources on a minimum of a dollar for dollar basis. Appendix III contains Guidelines for the matching fund requirements.

a. Identify all sources of matching funds. Contributors will certify in writing the amount and type of match to be contributed.

b. List the total amount of matching funds from all sources.

c. Describe the methodology to be utilized to document the matching funds from each source. These funds are subject to audit.

d. Describe how the matching funds will enhance or directly benefit goals and objectives of the program.

12. Description of Organization:

Describe the organization submitting this proposal. Include its mission and purpose and include experience in operating employment and training programs. Please complete the Fiscal Administrative Capability Checklist. The Fiscal Administrative Capabilities Checklist will be Addendum #2 to this narrative. SDAs do not have to submit the checklist.

DISLOCATED WORKERS PROGRAM
BUDGET SUMMARY

GRANTEE_____ Grant Number_____

__300__.00.000 FUNDING SOURCE

Grant Total _____ Match Total _____ Program Total _____

COST CATEGORIES		GRANT	MATCH	PROGRAM
.10.000	Administration			
	.010 Staff Costs			
	.020 Facilities Costs			
	.030 Indirect Costs			
	.040 Direct Client Costs			
	.050 Contractual Services			
	.060 Negotiated Overhead			
	Totals			
.20.000	Participant Support			
	.010 Staff Costs			
	.020 Facilities Costs			
	.030 Indirect Costs			
	.040 Direct Client Costs			
	.050 Contractual Services			
	Totals			
.30.000	Training			
	.010 Staff Costs			
	.020 Facilities Costs			
	.030 Indirect Costs			
	.040 Direct Client Costs			
	.050 Contractual Services			
	Totals			

Grant Application
Addendum #1

PROGRAM PARTICIPANT PLAN

Item A. Total Enrollments - Enter the cumulative number of enrollments planned at the end of each quarter during the grant year.

Item B. Total Terminations - Enter the total number of terminations expected to occur during the quarter. This number would be the sum of items B.1., B.2., and B.3.

Item B.1. Entered Employment - Enter the number of participants who are expected to be placed in or obtain unsubsidized employment during each quarter (cumulative) of the grant year.

Item B.2. Other Positive Terminations - Enter the number of participants who are expected to leave the Project during each quarter of the grant year in order to enroll in full time academic or vocational schools, an apprenticeship program, enlist in the Armed Forces, or enroll in another manpower program, either funded by JTPA or not. (Cumulative).

Item B.3. Non-Positive Terminations - Enter the number of participants who are expected to leave the Project during the grant year for reasons other than those listed under items B.1. and B.2. above (cumulative).

Item C. Current Enrollment - Enter the number of participants remaining in Project at end of each quarter (A minus B).

	GRANT PLAN			
	Start-up QUARTER	Second QUARTER	Third QUARTER	Fourth QUARTER
A. Total Enrollments				
B. Total Terminations				
1. Entered Employment				
2. Other Positive Term.				
3. Non-Positive Term.				
C. Current Enrollment				

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FISCAL ADMINISTRATIVE CAPABILITY CHECKLIST

	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
) Records			
a) Does the applicant maintain formal accounting records?			
b) Does the applicant maintain receipt and disbursement accounts which identify disbursements to date and amounts remaining to be disbursed by funding source? (One column for each funding source.)			
) Procedures			
a) Is the individual reconciling the bank statement different from the individual who writes the checks?			
b) Does the applicant reconcile the General Ledger cash account with its bank statement on at least a monthly basis?			
c) Do the accrued expenditure worksheets link actual expenditures to accrued expenditures via an accrual adjustment figure?			
d) Does the applicant's accounting system provide for control of receipts and disbursements separately for each subgrant, by source of funds?			

	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
2) continued			
e) Are employees responsible for handling both receipts and disbursements covered by blanket bonds?			
f) Are disbursements approved by someone other than the person writing the check or by someone other than the person who is responsible for the expenditure?			
g) Are deposits made by an employee other than the individual maintaining the accounting records and are remittance advices placed in the file?			
3) Disbursements			
a) In General			
i. Are pre-numbered checks used, so that check forms or blanks are treated as accountable items.			
ii. Are erroneous or spoiled checks properly voided out and maintained in the cancelled check file?			
iii. Are dual signatures required on all checks, if hand-signed checks are used?			

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	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
continued			
a) In General			
iv. If a check-signing machine is used, are two people required (and two separate keys) in order for checks to be signed?			
v. Do existing accounting procedures preclude the pre-signing of checks?			
vi. Are disbursements other than salaries authorized by the Director or other authorized program representative?			
vii. Are invoices paid only after substantiation in the form if a purchase order which references the invoice?			
viii. Are travel vouchers supported by invoices, receipts, and other evidence that the disbursements were made to assist in the implementation of the JTPA program?			
b) Payroll			
i. Are time and attendance forms or equivalent records used to substantiate the actual hours of labor to be reimbursed to the employee whose work hours are documented by the record?			

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	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
) continued			
b) Payroll			
ii. Are time and attendance forms for participants reviewed and signed by both the participants and the authorized supervisor?			
iii. Are these forms used in the preparation of the payroll?			
iv. Are wages paid to staff members reported to the IRS on the form 941 Employer's Quarterly Federal Tax Return?			
V. Are cumulative records for sick leave, compensatory time off and vacation leave maintained?			
) Subgrant Standard Provisions			
a) Does the applicant have a written travel policy approved by their Board of Directors?			
b) Does the applicant have a written personnel policy?			
c) Does the applicant have a written Equal Employment Opportunity (EEO) Policy?			
d) Does the applicant have a written Affirmative Action (AA) Plan?			

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SCAL ADMINISTRATIVE CAPABILITY CHECKLIST

	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
continued			
e) Does the applicant have access to current applicable Federal Management Circulars?			
f) Has the applicant received and understood the JTPA Regulations as published in the Federal Register on March 15, 1983..			
g) How often does the applicant's organization bylaws require the Board of Directors to meet?			
h) Does the applicant's Board of Directors keep a permanent written record of all meetings (minutes)?			
i) Is parking available at your facility to accommodate a person with a handicap?			
j) Is the facility in which you plan to serve participants barrier free?			

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THE FOLLOWING DOCUMENTS MUST BE ATTACHED TO YOUR PROPOSAL.
ANY DOCUMENTATION NOT PROVIDED MUST BE EXPLAINED.

Last Audit Report			
Agency Organizational Chart (identify those positions to be funded through this subgrant).			

ISCAL ADMINISTRATIVE CAPABILITY CHECKLIST

	YES	NO	IF NO, EXPLAIN (continue on back if necessary)
) Affirmative Action (AA) Policy			
Travel Policy			
) Equal Employment Opportunity (EEO) Policy			
) Participant Complaint Procedure			
) Time and Attendance Forms (staff & participants)			
) Data Practices Policy and Procedures			
) Copy of surety's bond listing employees authorized to receive or deposit program funds.			

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certify that to the best of my knowledge and belief this applicant is correct and complete and are for
ie purposes set forth in this grant application.

ignature of Executive Director or Board Chairperson | Title | Date

APPENDIX B

JOB TRAINING PARTNERSHIP ACT

COMPLIANCE REVIEW GUIDE

TITLE III PROGRAMS

State of Minnesota
State Job Training Office
November 1984

INTRODUCTION

The intent of this Guide is to determine if SDA/Subgrantee Title III Dislocated Worker Programs are conducted consistent with Federal law, regulations, and State policies. State Job Training Office (SJTO) field representatives should use this compliance review activity along with analysis of fiscal and participant reports to provide overall evaluation of Title III projects.

Since the administration and program approach of SDAs/Subgrantees may vary widely, this review activity will be flexible. The Field Representative will need to ascertain the unique structures of each program prior to a more detailed analysis.

Each SDA/Subgrantee visit will be preceded by a desk review of all project material available at the SJTO. The office to be visited will be contacted and suitable arrangements will be made as to date, time of the visit, and appropriate staff involvement. Times for entrance and exit conferences will be set. Confirmation of these details will be made by letter.

The entrance conference will describe plans, products of the review and will obtain basic overview information about the project. Points to be covered will include:

1. Scope of the visit
   - subject matter
   - method of review
2. Review of applicable sections of the law, regulations and State policies
3. Results
   - exit conference
   - written report

Using the discussion topics, the Field Representative will conduct the review and obtain the needed information.

At the exit conference the Field Representative will present all tentative findings. Any additional information the SDA/Subgrantee can provide should be incorporated at this point. SDA/Subgrantee requests for technical assistance should be noted and raised later at the SJTO resolution.

A draft report and draft cover letter will be prepared within ten working days of the completion of the on-site review.

SDA/Subgrantee Review

The intent of the review is to examine the operation of programs to determine that:

1. Activities and services are consistent with those enumerated in the Agreement.

2. Appropriate PIC/CEO consultation has been conducted.

3. Consultation with labor organizations was done.

4. Information on job opportunities was made available to eligible individuals.

5. Appropriate eligibility determination and verification procedures are in place.

6. Relocation assistance is limited to appropriate instances.

7. Matching resources are being appropriately documented and tracked.

1. What process was used to identify eligible groups of individuals, to be served by this project? (NOTE: This response should be compared with State policy.)
Section 302 (a)

   - Obtain documentation if available.

2. How was the PIC involved in determining what job opportunities exist for individuals to be retrained?
Section 302 (c)

   - Obtain documentation if available.

3. How was information on training opportunities made available to eligible individuals?
Section 302 (d)

   - Obtain documentation if available.

4. (Discuss only if - the program is not operated statewide or on an industry basis.)

   A. How were the PIC and CEO involved in reviewing and making recommendations concerning this program?
   Section 305

      - Obtain documentation if available.

B. What recommendation was made by the PIC/CEO?

5. (Complete only if documentation at SJTO level is inadequate.) Are services being provided to substantial numbers of the members of a labor organization? If yes, what type of consultation took place with the labor organization prior to the start of the program?
Section 306 and 20 CFR 631.31 (a)

- Obtain documentation if available.

6. What responsibility, if any, is given to the SDA/Subgrantee in providing and tracking the match?
Background

7. If the SDA/Subgrantee is responsible for the match, what resource is it providing and how is this tracked to ensure that the level provided is adequate (based on current expenditure level?)
20 CFR 629.40

a. If the SDA/Subgrantee is not responsible for the match, discuss the methods of meeting the match requirement.

8. When did the SJTO last monitor this project? Were findings made available?
Section 164 (e)

9. (Discuss the findings shown in SJTO documentation of monitoring prior to the next question.)

What corrective action has occurred as a result of the monitoring?
Section 164 (e)

10. How has it been demonstrated to the SJTO that corrective action has been taken?
Section 164 (e)

THE REMAINDER OF THE DISCUSSION TOPICS ARE RELATED TO ELIGIBILITY DETERMINATION AND VALIDATION. THIS REQUIRES DISCUSSIONS WITH INDIVIDUAL(S) RESPONSIBLE FOR THIS PROCESS:

11. What standards are used in determining eligibility for this program?
Section 302 (a)

12. What information is collected from applicants to determine if these standards are met? (Reviewer note: Obtain an application form and explanation of how it is completed.)
Section 302 (a)

13. How is the eligibility information collected verified?
Section 302 (a) and 20 CFR 629.35 (c)

DOCUMENT REVIEW

1. Consultative/Coordinative Worksheet

   A. Does available documentation demonstrate that there was PIC/CEO involvement in identifying eligible groups and reviewing and making recommendations concerning the program?
   Sections 302 and 305 and 20 CFR 631.31 (b)

   B. Does available documentation show that labor organizations were consulted if this is required for the project? Describe.
   Sections 306 and 20 CFR 631.31 (a)

   C. How is the availability of information concerning retraining opportunities for eligible individuals documented?

2. Title III Eligibility Review

   Select a sample of participant records. Review these records using the attached worksheet - "Title III Record Eligibility Review Worksheet." Summarize the findings below:

   A. Do the records show a consistent pattern of comprehensive information gathering?

B. Is there an indication that attempts have been made to adequately verify eligibility data?

C. Are there ineligible or questionable participants according to the records reviewed? If so, what is the magnitude (_____ of _____ records reviews, or _____ percent).

3. Title III Match Review (OMB Circular A-102 (Appendix II))

A. Do match resources meet the approved methodology in the project proposal?

B. Describe the resources used for the match (for each grant)

C. The latest FSR, dated _____ indicates a cumulative match of $ _____.

(1) Trace the match to its documentation.

D. Does the match directly benefit the goals and objectives of the grant?

(1) Is the benefit clearly documented?

TABLE FOR DETERMINING SAMPLE SIZE

TOTAL UNIVERSE	SAMPLE SIZE
1 - 200	20%
201 - 300	55
301 - 400	58
401 - 500	60
501 - 1,000	63
1,001 - 1,500	65
1,501 - 2,000	65
2,001 - 5,000	67
5,001 - 10,000	67

This table is based on random sampling for attributes where the expected rate of occurrence is not over 20 percent with a confidence level of 90 percent, plus or minus 8 percent.

PARTICIPANT FILE REVIEW FORM

Note that an individual may be eligible by meeting the criteria in either:
(i) terminated or laid off or received a notice of termination or lay-off from employment, eligible for or exhausted entitlement to unemployment compensation, and unlikely to return to previous industry or occupation;
(ii) terminated, or received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or
(iii) long-term unemployed with limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age. It is not required that individual meet all three requirements.

Name _____ Project # _____

Previous (Last) Employer _____

Type of eligibility i ii iii Sufficient Data yes no

If no, explain _____

Elig. determination accurate yes no Evidence of validation yes no

Name _____ Project # _____

Previous (Last) Employer _____

Type of eligibility i ii iii Sufficient Data yes no

If no, explain _____

Elig. determination accurate yes no Evidence of validation yes no

Name _____ Project # _____

Previous (Last) Employer _____

Type of eligibility i ii iii Sufficient Data yes no

If no, explain _____

Elig. determination accurate yes no Evidence of validation yes no

Name _____ Project # _____

Previous (Last) Employer _____

Type of eligibility i ii iii Sufficient Data yes no

If no, Explain _____

Elig Determination accurate yes no Evidence of validation yes no

EXCERPTS ON TITLE III FROM JTPA AND REGULATIONS

Identification of Dislocated Workers

Sec. 302. (a) Each State is authorized to establish procedures to identify substantial groups of eligible individuals who--

(1) have been terminated or laid-off or who have received a notice of termination or lay-off from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plan or facility; or

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which such individuals reside, including any older individuals who may have substantial barriers to employment by reason of age.

(b) The State may provide for the use of the private industry councils established under title I of this Act to assist in making the identification established under subsection (a).

(c) (1) Whenever a group of eligible individuals is identified under subsection (a), the State, with the assistance of the private industry council, shall determine what, if any, job opportunities exist within the local labor market area or outside the labor market area for which such individuals could be retrained.

(2) The State shall determine whether training opportunities for such employment opportunities exist or could be provided within the local labor market area.

(d) Whenever training opportunities pursuant to subsection (c) are identified, information concerning the opportunities shall be made available to the individuals. The acceptance of training for such opportunities shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

Authorized Activities

Sec. 303. (a) Financial assistance provided to States under this title may be used to assist eligible individuals to obtain unsubsidized employment through training and related employment services which may include, but are not limited to--

(1) job search assistance, including job clubs,

(2) job development,

(3) training in jobs skills for which demand exceeds supply,

(4) supportive services, including commuting assistance and financial and personal counseling,

(5) pre-layoff assistance,

(6) relocation assistance, and

(7) programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of closures of plants or facilities.

(b) Relocation assistance may be provided if the State determines (1) that the individual cannot obtain employment within the individual's commuting area, and (2) that the individual has secured suitable long-duration employment or obtained a bona fide job offer in a relocation area in a State.

Matching Requirement

Sec. 304. (a) (1) In order to qualify for financial assistance under this title, a State shall demonstrate, to the satisfaction of the Secretary, that it will expend for purposes of services assisted under this title, an amount from public or private non-Federal sources equal to the amount made available to that State under section 301 (b).

(2) Whenever the average rate of unemployment for a State is higher than the average rate of unemployment for all States, the non-Federal matching funds described in paragraph (1) required to be provided by such State for that fiscal year shall be reduced by 10 percent for each 1 percent, or portion thereof, by which the average rate of unemployment for that State is greater than the average rate of unemployment for all States.

(3) The Secretary shall determine the average rate of unemployment for a State and the average rate of unemployment for all States for each fiscal year on the basis of the most recent twelve-month period prior to that fiscal year.

(b) (1) Such non-Federal matching funds shall include the direct cost of employment or training services under this title provided by State or local programs (such as vocational education), private nonprofit organizations, or private for-profit employers.

(2) Funds expended from a State fund to provide unemployment insurance benefits to an eligible individual for purposes of this title and who is enrolled in a program of training or retraining under this title may be credited for up to 50 percent of the funds required to be expended from non-Federal sources as required by this section.

Program Review

Sec. 305. Except for programs of assistance operated on a statewide or industry-wide basis, no program of assistance conducted with funds made available under this title may be operated within any service delivery area without a 30-day period for review and recommendation by the private industry council and appropriate chief elected official or officials for such area. The State shall consider the recommendation of such private industry council and chief elected official or officials before granting final approval of such program, and in the event final approval is granted contrary to such recommendation, the State shall provide the reasons therefor in writing to the appropriate private industry council and chief elected official or officials.

Consultation with Labor Organizations

Sec. 306. Any assistance program conducted with funds made available under this title which will provide services to a substantial number of members of a labor organization shall be established only after full consultation with such labor organization.

Limitations

Sec. 307. (a) Except as provided in subsection (b), there shall be available for supportive services, wages, allowances, stipends, and costs of administration, not more than 30 percent of the Federal funds available under this title in each State.

(b) The funds to which the limitation described in subsection (a) applies shall not include the funds referred to in section 301 (a). In no event shall such limitation apply to more than 50 percent of the total amount of Federal and non-Federal funds available to a program.

Matching Funds

Sec. 631.14. To qualify for financial assistance under Title III of the Act, the Governor shall provide matching funds pursuant to Section 304 of the Act as defined at Section 629.40 of these regulations.

20 CFR 629.40. The Governor shall define and assure the provision of adequate resources to meet the matching requirements of Sections 123 (b) and 304 of the Act.

Subpart D -- Program Design and Management

Sec. 631.31. Allowable activities, coordination and consultation, planning and review. (a) Allowable activities are specified in Section 303 of the Act. They shall be coordinated with other programs in accordance with Section 308 of the Act. Affected labor organizations shall be consulted pursuant to Section 306 of the Act.

(b) Governors shall involve appropriate PICs and local elected officials in planning and providing opportunities for review in accordance with Sections 302 and 305 of the Act.

Sec. 631.32. Reallotment of funds based on non-utilization. (a) The Secretary may reallot any amount of any allotment under this Part to the extent that it is determined that the Governor will not be able to obligate such amount within one year of allotment (Sec. 301 (d)).

(b) When the Secretary determines that a reallotment from a Governor is appropriate, the Governor and the general public shall be given a notice of the proposed action to remove funds. Such notice shall include specific reasons for the actions being taken and shall invite the Governor and the general public to submit comments on the proposed reallotment of funds. These comments shall be submitted to the Secretary within 30 days from the date of the notice. After considering any comments received, the Secretary shall notify the Governor of any decision to reallot funds.

(c) The procedures set out in this section are in lieu of any other procedures which might otherwise be applicable under the Grievances, Investigations and Hearings provisions in Part 629, Subpart D.

(d) The Secretary may reallot funds using:

(1) The formula allocation described at Subpart B of this Part; or

(2) Procedures established in Subpart C of this Part.

Sec. 631.33. Reporting requirements. The reporting requirements in section 629.36 apply to programs operated under this Part, except that the Secretary may establish special requirements for discretionary programs operated under Subpart C of this Part as part of the annual announcement of fund availability and selection criteria.

Sec. 631.34. Role of Title III Training in determining unemployment benefit eligibility. Whenever training opportunities pursuant to Section 302 (c) of the Act are identified, information concerning the opportunities shall be made available to the individuals. Pursuant to Section 302 (d) of the Act, the acceptance of training assisted under Title III shall be deemed to be acceptance of training with the approval of the State within the meaning of any other provision of Federal law relating to unemployment benefits.

OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULAR NO. A-102

MATCHING SHARE

1. This attachment sets forth criteria and procedures for the allowability of cash and in-kind contributions made by grantees, subgrantees or third parties in satisfying cost sharing and matching requirements of Federal grantor agencies.

2. The following definitions apply for the purpose of this Attachment:

   (a) Project costs. Project costs are all allowable costs as set forth in Federal Management Circular no. 74-4 incurred by a grantee and the value of the in-kind contribution made by the grantee or third parties in accomplishing the objectives of the grant during the project or program period.

   (b) Cost sharing and matching. In general, cost sharing and matching represents that portion of project costs not borne by the Federal Government. Usually, a minimum percentage for matching share is prescribed by program legislation and matching share requirements are included in the grant agreements.

   (c) Cash contributions. Cash contributions represent the grantee's cash outlay, including the outlay of money contributed to the grantee by other public agencies and institutions, and private organizations and individuals. When authorized by Federal legislation, Federal funds received from other grants may be considered as grantees' cash contributions.

   (d) In-kind contributions. In-kind contributions represent the value of noncash contributions provided by the grantee, and non-Federal parties. Only when authorized by Federal legislation may property purchased with Federal funds be considered as the grantee's in-kind contributions. In-kind contributions may be in the form of charges for real property and nonexpendable personal property and the value of goods and services directly benefiting and specifically identifiable to the project or program.

3. General guidelines for computing cost sharing or matching are as follows:

   (a) Cost sharing or matching share may consist of:

      (1) Charges incurred by the grantee as project costs. (Not all charges require cash outlays during the grant period by the grantee; examples are depreciation and use charges for buildings and equipment.)

      (2) Project costs financed with cash contributed or donated to the grantee by other non-Federal public agencies and institutions, and private organizations and individuals.

(3) Project costs represented by services and real or personal property, or use thereof, donated by other public agencies and institutions, and private organizations and individuals.

(b) All contributions, both cash and in-kind shall be accepted as part of the grantee's matching share when such contributions meet all of the following criteria:

(1) Are verifiable from the grantee's records;

(2) Are not included as contributions for any other federally-assisted program;

(3) Are necessary and reasonable for proper and efficient accomplishment of project objectives;

(4) Are types of charges that would be allowable under FMC 74-4.

(5) Are not paid by the Federal Government under another assistance agreement unless authorized under the other agreement and the laws and regulations it is subject to.

(6) Are provided for in the approved budget when required by the Federal agency; and

(7) Conform to other provisions of this Attachment.

4. Values for grantee in-kind contributions will be established at the grantee's actual cost in accordance with FMC 74-4.

5. Specific procedures for the grantees in establishing the value of in-kind contributions from non-Federal third parties are set forth below:

(a) Valuation of volunteer services. Volunteer services may be furnished by professional and technical personnel, consultants, and other skilled and unskilled labor. Volunteered service may be counted as cost sharing or matching if the service is an integral and necessary part of an approved program.

(1) Rates for volunteer services. Rates for volunteers should be consistent with those paid for similar work in other activities of the State or local government. In those instances in which the required skills are not found in the grantee organization, rates should be consistent with those paid for similar work in the labor market in which the grantee competes for the kind or services involved.

(2) Volunteers employed by other organizations. When an employer other than the grantee furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead cost) provided these services are in the same skill for which the employee is normally paid.

(b) Valuation of donated expendable personal property. Donated expendable personal property includes such items as expendable equipment, office supplies, laboratory supplies, or workshop and classroom supplies. Values assessed to expendable personal property included in the cost or matching share should be reasonable and should not exceed the fair market value of the property at the time of the donation.

(c) Valuation of donated nonexpendable personal property, buildings and land or use thereof.

(1) The method used for charging matching share for donated nonexpenable personal property, buildings, and land may differ depending upon the purpose of the grant as follows:

a. If the purpose of the grant is to furnish equipment, buildings, or land to the grantee or otherwise provided a facility the total value of the donated property may be claimed as a matching share.

b. If the purpose of the grant is to support activities that require the use of equipment, buildings, or land on a temporary or part-time basis, depreciation or use charges for equipment and buildings may be made. The full value of equipment or other capital assets and fair rental charges for land may be made provided that the grantor agency has approved the charges.

(2) The value of donated property will be determined in accordance with the usual accounting policies of the grantee with the following qualifications:

a. Land and buildings. The value of donated land and buildings may not exceed its fair market value, at the time of donation to the grantee as established by an independent appraiser (e.g., certified real property appraiser of GSA representatives) and certified by a responsible official of the grantee.

b. Nonexpendable personal property. The value of donated nonexpendable personal property shall not exceed the fair market value of equipment and property of the same age and condition at the time of donation.

c. Use of space. The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately owned building in the same locality.

d. Loaned equipment. The value of loaned equipment shall not exceed its fair rental value.

6 The following requirements pertain to the grantee's supporting records for in-kind contributions from non-Federal third parties.

(a) Volunteer services must be documented and, to the extent feasible, supported by the same methods used by the grantee for its employees.

(b) The basis for determining the valuation for personal services, materials, equipment, buildings, and land must be documented.